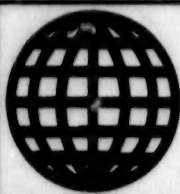


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22 JUNE 1990



**FOREIGN
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JPRS Report

Soviet Union

Economic Affairs

Soviet Union

Economic Affairs

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ECONOMIC POLICY, ORGANIZATION, MANAGEMENT

Petrakov Outlines Necessary Steps for Transition to Market Economy

904A0418A Moscow *EKONOMIKA I
MATEMATICHESKIYE METODY* in Russian No 3,
May-Jun 90 pp 389-397

[Article by N.Ya. Petrakov: "Theoretical and Methodological Problems: Problems of Forming a Market in the USSR"]

[Text] This article proposes a set of measures intended to improve the economy, develop independence and initiative, and stimulate business activity. It has been shown that the national economy can shift to market relations if these measures are implemented simultaneously.

The long period of a guarded attitude toward commodity and money categories in economic science has seriously harmed our economic practice. Bringing down these categories to the level of "survivals of capitalism," "auxiliary means for organizing horizontal ties," and "indirect levers" has resulted in neglecting the problems of maintaining a material and financial balance, developing economic measures to fight shortages, territorial differences in the actual purchasing power of the ruble, and elements of automatism in crediting of enterprises. All this could not help but cause inflationary processes. Against a background of impairment of the money economy, there began to be breakdowns in material incentives, penalty sanctions, various forms of taxation and distribution of profit, that is, all those elements of the economic mechanism whose effectiveness is directly dependent on the rigidity and organization of the financial system.

As a result, today we have an extremely undeveloped system of market relations. After all, besides the commodity market, they include the labor, investment, credit, and currency markets. For this entire system of markets to really function, it must be materialized in specific organizational forms, above all in exchanges and banks.

Since the main goal of the current economic reforms in the USSR is to increase the effectiveness of managing the national economy, in implementing them we should proceed from the principle of maximum utilization of market methods of regulating and organizing production and product distribution. Today we are eliminating ideological dogmas that have prevented rational economic thinking from penetrating into economic practice. It is known that over the last 70 years socialist thought underwent the greatest modification namely in the question of the compatibility of market with planning.

Originally it was axiomatically maintained that the plan is the antithesis of the market. Therefore, the market had

to be destroyed, and all its functions could be successfully accomplished by centralized directive management. This speculative idea was predominant right up until 1917 and dates back to the views of utopian socialists of the pre-Marx period. V.I. Lenin delivered a serious blow to these views. Based on an analysis of the real situation that had taken shape in Russia following the October Revolution and the Civil War, he formulated the thought that market methods were simply necessary in the Soviet economy during the entire transitional period, that is, until the complete victory of socialism in the USSR. Lenin's line of reasoning was so strong, and his scientific and political prestige so great, that Stalin did not dare to cast aside this concept. For all practical purposes, having sharply limited the effective area of market relations, in his theoretical conceptions Stalin recognized the possibility of the "coexistence" of socialism and the market under extremely rigid limitations on the part of the state power. This point of view existed with various modifications in the USSR as the dominant until quite recently. Now the situation has changed fundamentally. It is being recognized more and more openly that market mechanisms of management are organically inherent in a socialist economy. What is more, many socialist principles, such as distribution according to work done, self-government, freedom of choice of type of activity, and ensuring social guarantees on a level of consumption fitting for man, simply cannot be realized without extensive use of market regulators. This requires that we seriously study the problems of forming a market in the Soviet economy. But there are many difficulties here, for which we need not only political will but also a well-considered economic policy to overcome.

The complexity of the present stage of introducing market relations and the economic methods of management based on them lies in the fact that the monetary system in our economy has been undermined. Disregarding money as a vestige of the old system, from which we must free ourselves as quickly as possible, avenges itself. Many long years convinced economic managers that in the West businessmen "make money," but under socialism we must make machine tools, bricks, and pipe (apparently, making a profit did not assume organizing an activity really aimed at satisfying public and individual needs). As a result, it was money that became the only "commodity" that was not in short supply. And it became extremely complicated to "free ourselves" of it, that is, turn it into real physical assets and services. Money sits idle in the accounts of enterprises and the population, its turnover slows down, and its real purchasing power drops. There is a massive flight from money, and a rush demand "for everything that does not spoil" increases.

In such conditions, it is simply impossible to make use of the advantage of economic independence and initiative and to stimulate business activity. It is necessary to improve the country's money economy. The general recipe for this improvement comes down to remove the

excess money mass from circulation. Up to the present time, virtually no measures have been carried out in this area, but everywhere they are introducing rationing, setting up funds when distributing products and resources, and various forms of limiting capital investments. Thus, there has been noted a further departure from the market with its laws of distribution and a return to the laws of the administrative system. Words again are differing from deeds. This is taking place due to the primitive understanding of economic accountability: pay for everything, but work the same way as before, that is, not for a specific consumer, but for "your own" ministry, for the state order formed by "higher" organizations, and so forth. The state itself does the planning, produces, and to a considerable extent even purchases from itself. The end consumer, in other words the population, receives wages and bonuses from the state in full, but not at all the products and services which it needs. As a result, the forced savings of workers in accounts at the savings bank are increasing daily by almost 100 million rubles (by 17.7 billion rubles in the first half of 1989). Cash emission reached 8.9 billion rubles during six months of 1989. The more money is put into circulation, the more swiftly we move away from a market economy.

It is already clear now what set of measures must be implemented for real monetary and financial improvement of the economy. This should involve: 1) a sharp reduction of ineffective centralized state investments in the production sphere (we need to bring the volume of capital construction in line with the actual capacities of the construction industry, simultaneously adapting its structure to the requirements of effective structural changes in the national economy); 2) a fundamental increase (by 10-15 points) in the percentage of production of consumer goods and services in the total social product; 3) an acceleration of the pace of conversion of the defense sectors and a further reduction in the personnel strength of the army; 4) decisive measures to divert the money mass accumulated by the population from current demand (sale of apartments and dachas, automobile and other such specific-purpose loans, sale of stock and bonds, increasing interest on deposits, and others); 5) an end to automatic crediting of enterprises and other forms of state aid to poorly operating enterprises.

The first steps in each of the above directions are already being taken. One can argue about how vigorous the actions are and about their consistency, but one thing is obvious: considerable time is needed to achieve tangible results on this path. Let us say, the fruits from changing the structural policy, even if we begin immediately, will not ripen for 6-8 years (an optimistic prognosis). Other measures will give a tangible result (that is, one which the entire economy will feel) in 3-5 years. Do we have this much time, if you consider the growing social tension, the irritation from the lack of goods and the "couponization" of basic necessities and other articles, and the flourishing of the shadow economy?

I think not. At least two issues must be resolved without delay, since without doing it is not likely that the country can be pulled from the quagmire of economic chaos to the solid road of normal development. The first involves creating conditions to revive the business activity of managing elements and enterprises of all types. The second involves a transition to the concept of an "open" economy, that is, to including the Soviet Union in the system of the international division of labor on a contemporary (civilized, as is in vogue to say now) basis. It is impossible to ensure a qualitative leap in the level of technological conditions of producing goods associated primarily with satisfying the needs of man without extensive economic and technical assimilation of the requirements of the world market. To adopt the "rules of the game" of the world currency and financial system does not mean to "surrender unconditionally" to the capitalist market. On the contrary, we are losing in many respects and are losing much both economically and politically by remaining on the side of the road of the system of world economic ties.

Resolving the first of the above problems objectively prompts us to implement monetary reform, for without a solid monetary unit it is simply unrealistic to count on business activity, initiative, and effectiveness of economic stimulation. Resolving the second problem runs directly into the problem of ruble convertibility. Everyone recognizes the need for a transition to convertibility of the Soviet currency. This topic is being raised so much in the press that it has already begun to bore people to death. However, a certain marking of time has clearly been noted. They say that it is good to have a hard currency, but this can take place only when we carry out a structural restructuring of the economy, modernize the national economy on a new technical base, create a powerful export sector, and so forth. But how can we do all of this within the framework of a forced transition to a total ration-card system without broad scientific-technical and economic contacts with the world economy, the development of which essentially rests on primitive, in kind forms of exchange (oil for machine tools, timber for stockings, and so forth)?

A total impression of a vicious circle emerges. The illusion of hopelessness appears because a seemingly flawless, but in this case an internally unfounded, logical plan is being adopted: "First this and that, and then this and that." The problems, which are forming a sort of "line," are ending up in a situation in which the first is looking at the back of the head of the last. The solution is to solve them simultaneously. The problem of creating an export sector of the economy must be solved together with the problem of establishing a real rate of exchange for the ruble. Here the entire structural restructuring of the economy must be supported by a solid ruble to be used to pay for the production of only competitive products that enjoy increased demand both on the domestic and foreign markets. Much can be said for the fact that monetary reform should begin now, without delay, making it coincide with arriving at a convertible ruble.

The very many real processes of our economy directly attest to the critical need for solid, reliable monetary units. Lately, the thesis about the reviving nature of introducing a republic currency has become quite popular in a number of regions. If you leave aside its political aspect, it becomes obvious that such demands are based on a decline in confidence in the all-union currency due to the lack of goods and purchasing power that differs by region, which results in the migration of money and population throughout the country in search of goods.

Hard currency has already been used for quite a long time as an incentive with respect to our exporting enterprises. They can use part of the currency earnings as they see fit to purchase not only raw materials and equipment, but also consumer goods. Dollar injections for enterprises attest in the best way possible to the ineffectiveness of providing incentives with "soft" rubles.

The recent decision on settlements with Soviet suppliers of high grades of wheat and certain other crops in currency speaks in favor of this conclusion. The decision is as noteworthy as it is naive in the economic respect. At its basis is the idea of so-called import substitution: the savings in currency for importing grain gives the producer inside the country the right to receive part of this savings, proportional to the participation in replacing imports with domestic production. But it is exactly in grain that import substitution may not take place, even if part of the kolkhozes and sovkhoses double or triple production. You see, the national economic grain balance depends to a considerable extent on the average yield throughout the country, not on the efforts of individual "leading lights" or even regions. The upward flight of harvests in some areas may be reduced to nothing by a drought or rains in others.

But this is not the most important thing. The experiment with grain puts a considerable portion of all the rest of the producers of agricultural and industrial products in an extremely unfair position. Why should only grain producers be given these privileges? After all, the country is just as concerned with reducing imports of meat, butter, light industrial products, various types of rolled metal, and equipment. Those by whose efforts we pay for all our present-day imports—oil workers, gas workers, workers in light industry—do not receive hard currency from us. Finally, the complete disregard for the slogan about the equality of forms of ownership and forms of economic management is again shown by this experiment. A grain-grower working on a lease or running an individual farm does not receive currency: try as you may, the dollars are intended only for kolkhoz and sovkhos workers.

What a train of problems and puzzling questions this "currency-grain" experiment is causing. There can be only one solution: everyone should be in the same position and have the right to hard currency on the condition of good work. But the quality of this work

should be certified not by the OTK [technical control division], not by workers of state acceptance, but by the market.

It seems that a hard monetary unit is simply necessary for a market coming into being in the country. If market relations develop on the basis of the present inflationary monetary unit, they will result in: an explosive increase in prices; an advantageous position in the market for monopoly state producers receiving money from the state regardless of the results of their work, and also individuals and groups having large accumulations of money and property, as a rule, from unearned income; a mass demand to increase wages not for better work, but as compensation for price increases. Such a market will not last long. It will not be able to act as an organizing force to increase the quality and competitiveness of products because it will be overwhelmed in its first steps by the load of problems and disproportions inherited from the times of complete domination of administrative methods of management and the dominance of subjective decisions and report-filled projects.

So, monetary reform is urgently needed. But how should it be carried out? All at once, strictly by time periods, or gradually? History provides various examples. Thus, an "instantaneous" reform of the mark was carried out in the FRG in 1948. Several months earlier, an action similar in technique but somewhat different in form took place in the USSR. But the USSR is also the birthplace of another, significantly more striking monetary reform—introduction of the gold chervonets [ten-ruble note] in 1922-1924. This variant of "soft monetary reform" is also more suitable for today's economic situation. Let us try to argue this position.

First of all, we will remind you that a solid currency system is needed not in general, not as a goal in itself, but as a means of improving the economy. Hard money should serve the sphere of real market relations. It is natural that this sphere cannot, if you remain a realist, encompass our entire economy right away. A transitional period is inevitable. If we try to introduce "new" money everywhere in these conditions right away, the burdened state sector with sluggish administrative management will immediately become a sort of generator of credit money emission, and the advantages of monetary reform will turn out to be short-lived and vanish quickly. The long-term positive result is by no means that monetary reform makes it possible to be through with "excess" money in one stroke (this "excess" money will begin to appear if the structural and management "sores" of the economic system remain). Monetary reform will carry out its strategic task when and only when domestic currency establishes firm ties with the world currency system. And this cannot be done right away throughout the entire "space of economic life" of our country. But we also cannot postpone it.

That means that a convertible currency ruble should serve first only the area of activities of joint venture, enterprises of the open sector (operating in conditions of

the world market), and enterprises producing export or potentially competitive products (ensuring real import substitution). This ruble should have a realistic rate of exchange with respect to the ecu and the main world currencies. The reality should be confirmed by the free exchange of the currency ruble for other currency. In principle, the role of the currency ruble can also be fulfilled by the another country's currency that has been given the right of free circulation on the territory of the USSR. The term "free circulation" is used in the broad sense in this context, although in actuality it can extend, say, only to interrelations between enterprises, enterprises and the state, that is, the currency cannot be used in payments between private individuals. Strictly speaking, the grain experiment is a serious claim on the development of events namely in this direction. It seems that such a path is less preferable than the path of making the national currency healthier on the basis of its organic inclusion in the the world currency system.

Of course, a realistic ruble rate of exchange can be formed only in conditions of creating a domestic currency market. This involves fundamental changes in the system of distributing the comparatively small sum of "oil-dollars" earned by our country. Instead of "by-name" distribution of this "currency pot," it is necessary to organize the sale of currency to Soviet enterprises and organizations at a freely developing market rate of exchange. Currency auctions are still not convertibility. Apparently, they have a purely pedagogical importance for the participants and spectators. A realistic currency rate of exchange is formed in a market situation, which is not limited to 50-60 million foreign currency rubles put up for auction at the whim of administrators.

A "soft" monetary reform is attractive in that the attractive currency ruble, differing from all the variety of current regional (Tambovsk, Khabarovsk, Moscow, and so forth) rubles not only in outward appearance but also primarily by the guaranteed exchange for Western currency at the declared rate of exchange, gets into the economy not by directive but by force, you might say, only into those spheres where they simply cannot manage without convertibility. For example, repatriation of a share of the profits of a Western partner in a joint venture received in the domestic Soviet market; or the problem of additional investments to expand joint ventures. Finally, interrelations of the export sector with a backward economy.

If the economy embarks on market relations, the currency ruble will have a stable rate of exchange with respect both to Western currencies and to the presently "friable" domestic ruble. For the latter this means a final recovery, and for the national economy as a whole it means the completion of monetary reform. If the rate of exchange of the "friable" ruble with respect to currency were to constantly drop, alternatives are possible. While maintaining a stable rate of exchange with respect to Western currencies, the convertible ruble would occupy the dominant position on the domestic market. Otherwise, if the currency ruble also were still to begin to be

devalued compared to Western currencies, economic reform should be considered a failure and we should return to the old Gosnab and a new rationing system.

Consequently, introducing a currency ruble into monetary circulation does not at all relieve government agencies of the need to pursue a decisive policy for monetary and financial improvement of the national economy; on the contrary, it requires implementation of a set of measures to stabilize the domestic rate of exchange of the "soft ruble."

Resolving the problem of stabilizing the domestic monetary unit is made difficult to a considerable extent due to the acute budget deficit.

The main lever for combating this is a reduction of ineffective state spending. Of course, a very important direction in this area is reducing defense spending and changing the specialization (conversion) of enterprises of the defense industry to civilian needs. However, the investment policy in the entire national economy is in need of serious change. Between 1985 and 1988, the volume of unfinished construction increased by more than 30 billion rubles. This indicates an increase in investments in projects with long periods of construction and cost recovery, a dispersion of investments over numerous projects, and an increase in the periods of construction of each of them. In the last three years, about seven billion rubles in cash, not defrayed by goods, was paid to builders just because of the increase in unfinished construction. In our opinion, it is necessary to radically reduce the amount of state investment. The extent of financing construction should be brought in line with the realistic production capabilities of the construction industry. The closing down of construction projects should be viewed as a major state program implemented under the aegis of the USSR Council of Ministers and central planning bodies, since it requires rigid coordination throughout the production process chain: from raw materials to finished product. Individual sectorial ministries are unable to accomplish such work.

The investment policy should be decentralized and based on guidelines of economic effectiveness, not the administrative arrogance of departments and state planning bodies. The Soviet economy is faced with the need to create a market of capital. Reform of the banking system, which we have presently begun, can prepare competition in the supply of capital. A system of commercial banks, including cooperative banks, will help encourage economic initiative, reasonable risk, and economic competition.

Widespread use of joint-stock forms of concentration and redistribution of financial resources also promotes pluralism in investment activity. The drafting of legislative acts on Soviet joint-stock companies is now being completed. Using joint-stock forms of accumulation and redistribution of financial resources has a number of positive aspects from the standpoint of increasing the

mobility of the economic system. First, joint-stock companies make it possible to avoid abuses that manifest themselves in striving to resolve economic problems by means of the state budget. Second, the mobility of financial resources intended for investment is increased. Third, and finally, real democratic principles penetrate into the area of forming investment policy. The joint-stock form of attracting funds into the sphere of capital construction is based on the principle of the voluntary nature of commercial participation in shaping the development of economic ties. Acquiring of stock of another enterprise by a state enterprise using its own development fund is a sort of vote, a collective expression of a "vote of confidence" for certain economic undertakings and initiatives. Enterprises, associations, and individuals, by buying (or not buying) shares of stock in other socialist enterprises, really become participants in the social process of bringing to light economic priorities.

Consequently, using joint-stock forms of forming and developing socialist enterprises is one of the levers of eliminating investment monopolism of the central management apparatus, which at one time played a significant role in ensuring major structural changes, but in recent decades has become a hindrance. Over-centralization of capital investments not predicated by objective requirements of economic development leads to dominance of foreign economic motivations when determining the directions and volumes of capital investments.

A major problem of forming the socialist market is the new attitude toward the entire price formation system. In this area we indeed must reject the stereotypes of traditional economic thinking of the ideologists of rigid centralization of management of the economy.

Creating a socialist market assumes consistent rejection of monopolism of producers and the "rationing" system of distributing resources, returning to the ruble its inherent importance of a universal equivalent, real independence of enterprises in choosing economic partners, and their total responsibility for the results of economic management, both to the consumers and to the state. From this standpoint, the purport of price reform lies in the transition to a flexible mechanism of price formation that efficiently reflects the results of the interaction of the factors forming supply and demand.

Price reform and reform of the price formation mechanism can be implemented by alternative variants: 1) a one-time overall change in wholesale, purchase, and retail price levels; 2) a phased, frontal revision of all types of prices with the simultaneous reinforcement of each phase by the appropriate measures for rigid control over the dynamics of income of enterprises and the population, dismantling the fund system of distributing material resources, reducing ineffective state spending and improving investment policy, changing the tax system, increasing the role of banks in normalizing circulation of money, and a gradual transition to market principles of forming stable prices.

Let us briefly examine the advantages and shortcomings of each of the variants. An advantage (perhaps the only one) of a one-time global revision of all prices is the hypothetical possibility to chop off all the layers of the past "with one blow," to reflect in prices the real state of affairs that has taken shape in the national economy as a result of the structural policy of recent decades, and create formal conditions for self-financing of sectors, that is, to clear the "construction area" of perestroyka of price "obstructions." However, in my opinion for all practical purposes we cannot realize this opportunity because:

- with a total revision of prices for millions of products, it is impossible to take into account the real conditions of production and the effectiveness of utilization of each product. The correct concept, being put into price reform on the upper floors, is inevitably transformed into routine mistakes when calculating the huge number of specific prices for specific products;

- preparation for a one-time revision of prices is always based on the "tsunami" principle: rolling waves from raw material sectors to consumer items and services. Centralized price reform is a chain of open or hidden compensation to consumers for the increase in prices for the products of suppliers. But receiving this compensation essentially nullifies the possibility to use prices as a lever for providing incentives for resource conservation, making the choice of variants of capital investments tougher, and balancing supply and demand in wholesale trade and in the consumer market;

- price reform as a one-time state act in the real economic situation would mean "putting the cart before the horse," since the general conditions for forming a socialist market, which were talked about above, are created extremely slowly. And a one-time price reform will not accelerate these processes. Rather, the reverse is true. After all, engaging market mechanisms involves, above all, "bringing life" to prices, giving them flexibility and a dynamic quality. A one-time price reform is a transition from one system of frozen prices to another;

- a one-time retail price reform, reduced to a massive and considerable increase in prices, is unacceptable for social reasons and does not have any economic advantages in relation to improving the national economy.

With regard to what was outlined above, the second variant of price reform as a phased transition to a flexible, dynamic price formation mechanism is more attractive.

Under this variant:

- wholesale prices in raw material sectors of industry increase in a coordinated manner over the course of 4-5 years, beginning in 1990, toward a successive approximation of the level and correlation of world

prices for raw materials and energy resources. This process basically should be completed by the end of 1995;

—wholesale prices for products of the machine building and other sectors of the processing industry are regulated based on the requirements of a successive transition to wholesale trade. It is possible to have a variant at a certain stage with dual prices for the same product: one price for a product sold within the framework of a state order and another for a product sold freely under direct contracts with consumers or Gossnab agencies (this process has already begun). Free market prices should also be used widely when selling scientific and technical innovations and when covering with commodities the money demand of enterprises formed using the development fund assets. The USSR Gossnab should switch from organizing wholesale trade fairs to creating commodity markets and auctions;

—purchase prices should be established only for base standard food products of farming and livestock raising with a minimum amount of specialized zones. The strategic path of reforming the price formation mechanism in agriculture is centralized establishment of a system of rent payments while rejecting direct state interference in determining price levels for specific products.

Transition to a flexible, dynamic retail price system in conditions of the population having a surplus money mass would mean legalization of the inflationary processes. This means that the state must reject individual, uncoordinated anti-inflation actions and switch to forming a policy of moderate inflation control. Such a transition assumes, in particular, making substantial changes to regulation of the population's wages and incomes. The state should regulate only the minimum wage, which would be adjusted annually according to the retail price index. A similar procedure is envisioned with respect to pensions, grants, and various social benefits.

We must fundamentally reform the system of wholesale-retail trade of consumer goods. This system is not trade, but a rigidly centralized distribution of state funds and should be eliminated as one of the most dangerous monopolies.

The principle of commission trade must be placed at the basis of reformed trade. A trade company, association, or store receives a license from the state for the right to purchase a certain type of product directly from producer-enterprises, regardless of the form of ownership and subordination. The license stipulates the minimum assortment selection that the trade enterprise is obligated to provide. The entire wage system of trade workers is based on deductions from the actual volume of goods turnover. The size of the maximum permissible deviations from the state wholesale price (say, 5, 20, 30 percent, and right up to no limit) must be established for various commodity groups. Wholesale and small-scale

wholesale middlemen can emerge only on a cost-accounting basis, that is, they exist by using the services which they provide to the retail network on a voluntary basis.

Recent trends of development of the economy, such as an increase in the scarcity of practically all resources, inflationary processes, excessive wage increases, a decrease in responsibility for work results, a decline in the labor activeness of the population, and so forth, attest to the need for a most rapid transition to a market system of economic management. And this, in turn, requires a radical revision of our economic legislation and the creation of developed institutions of a market economy.

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Two Solutions To Financial Stabilization Proposed

FRG Postwar Currency Reform Model

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Morning Edition p 2

[Article by A. Galkin, Doctor of Historical Sciences: "When Money Interferes"]

[Text] The "freezing" of surplus amounts of money is capable of halting inflation and the disintegration of the market.

Improvements in our monetary circulation touches upon the vital interests of a large portion of our society. But this is not the whole problem. It can be said that another needed condition is a decisive prerequisite for carrying out other measures of the economic reform. The time is at hand for rejecting those complacent notions which hold that such improvements are located somewhere off to the side of the main path for restructuring Soviet society. Not one of the laws discussed—on ownership, leasing, state enterprises, cooperatives or others—will work if a turning point is not reached with regard to realizing improvements in our monetary system.

It is also naive to assume that it is possible to establish quickly a correspondence between the commodity and monetary amounts, so to speak from the other end: by a saturation of the market with goods. As you can see, a commodity mass sinks without a trace in the infinite monetary ocean, which augments not only the savings of the population but also the non-cash savings of enterprises, savings which under present conditions can rather easily be transferred into cash funds

The question stands as follows: either we create normal money at the present time and then the economic reform will gather momentum, or perestroika will be compromised and the economy (and society) will revert back to a situation in which it will be difficult to realize a break through to the leading edges of progress.

How can the monetary system be improved?

It is our opinion that we must rely upon (and as quickly as possible) an immediate and temporary—for 4-5 years—freezing of surplus monetary amounts, with a subsequent and gradual unfreezing as improvements are realized in the economic situation. This will make it possible to normalize quickly the monetary system, after having cleared the starting platform for an effective economic reform. Moreover, this work is not restricted to an external normalization of monetary circulation and true money will be revived.

We overhear an objection: the authors propose a monetary reform and the people are not satisfied. Certainly, in the mass consciousness monetary reform is associated with the Stalinist reform of 1947, which amounted to stealing from the people. Such a reform is truly intolerable and impossible.

However, other extremely interesting experience was accumulated during the post-war European history. I have in mind the normalization of monetary circulation and the entire financial system in a number of west European countries following World War II. The example of the western zones of Germany was rather instructive in this regard. Here, in 1948, a reform was carried out which provided the basis for the so-called German miracle. Each citizen was authorized to exchange 40 marks for new notes. Enterprises and institutions were presented with credits in the form of new money, in the amounts needed for the payment of wages and pensions and for maintaining the production process. The remaining payment funds were necessarily placed in bank accounts. All monetary circulation restrictions were abolished and convertibility of the currency was introduced. The market was placed in operation and became very active. Soon, as increases took place in the production of goods and in enlargement of the consumer market, the frozen assets gradually became unfrozen. After a few years had elapsed, they were all returned to the owners. The only ones who suffered were those who had surplus material supplies as a means for savings or for counting upon speculative sales. Owing to a shortage in the circulation of monetary funds, the prices for these supplies fell sharply.

It is said that measures for the temporary freezing of surplus money are equivalent to a rejection by the state of its responsibilities. Certainly, ordinary people will entertain doubts and distrust. But under the conditions imposed by galloping inflation, they can be persuaded that the state, to the contrary, will accept responsibility, after first normalizing the monetary market, for returning to the people money which otherwise would depreciate rapidly. Moreover, the freezing of private savings (and it must be computed at a level which takes into account the interests of a majority of the workers) will immediately be compensated largely by means of growth in the purchasing power of wages.

It is maintained that a temporary freezing of funds is an unacceptable injustice as far as pensioners are concerned, individuals who cannot wait several years for the money they have saved. But can they really realize this money at the present time, given the conditions imposed by the increasing shortages in all types of goods? And will it really be better if, as a result of the increasing inflation, they generally lose their savings?

It has been stated that an exchange of money is an ineffective means for combating illegal millionaires who have already turned their wealth into foreign currency and valuables. But indeed the essence of the proposed measures does not call for money to be taken from the rich, but rather it calls for the regulation of monetary circulation. It bears mentioning that illegal rich persons who have accumulated material riches tend to profit during inflationary periods.

It is believed that surplus payment funds can be linked to the creation of a securities market. However, the measures planned are indeterminate and not very attractive either to the population or to enterprises. They do not change the situation from a quality standpoint.

It is obvious that the proposed reform will be accompanied by expenses and difficulties. It is also apparent that it cannot be viewed as a means for solving all of our economic problems. It is capable only of creating the conditions needed for carrying out an entire complex of measures concerned with restructuring the economy.

All of these questions must be discussed in an efficient and competent manner, not in a secret atmosphere, but rather by means of open discussion that is free of forbidden themes and in full view of the people.

Curtailment of Long-Term Construction Projects

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Morning Edition p 2

[From the Editorial Board]

[Text] From the Editorial Board. The discussion on the methods for improving monetary circulation, which has been raised by the authors and which has been with us for some time, is being carried out openly throughout the country. *IZVESTIYA* has on more than one occasion published materials which reflect the various points of view held on this subject. But, if you please, we deserve to be reproached for the fact that we still have not listened to those who advocate the immediate implementation of a monetary reform through the removal of surpluses from the population or the freezing of such surpluses. It cannot be said that the editorial board's mail has contained many such recommendations and yet they are being encountered and it would certainly be wrong not to take note of them.

A. Galkin and Yu. Krasin expressed a desire to have their proposal discussed in an efficient and competent

manner. We are publishing the comments of a specialist in the financial field, Doctor of Economic Sciences and professor V. Perlamutrov:

"In my opinion, the principal mistake of those who favor the freezing, removal or a differentiated exchange of 'surplus' funds lies in the fact that they are oriented towards the money held by the population. Their surpluses are truly visible to the naked eye. But the basic evil and the cause of disorder in monetary circulation is not to be found in the cash funds but rather in the non-cash resources. With each passing month, this crater sucks in more and more capital, as the mass of non-cash resources increases: more ore is being acquired, raw materials move about the country for weeks at a time, new plant buildings are being erected and expensive machines are being installed. And the reimbursement for invested resources is slowing down—when will a return be realized?"

But meanwhile, we have already paid out the wages to the builders, railroad workers and metallurgists. We have paid such wages even to all those who generally produce nothing but simply appear for work. And what now should be done with this money that was not stolen nor falsified, but rather was earned in an honest manner in conformity with the KZot [Labor Code]? Should it be removed or frozen? Yes, and on what basis? This will arouse doubt and distrust not among those hypothetically ordinary people analyzed by the authors of the article, but absolutely among everyone: those who are building homes and dachas, those who are entering housing cooperatives and those who are saving for an automobile or simply "for old age." I do not share the optimism expressed in the article which holds that such action is being accepted by the population. It will never be accepted until correct action is taken.

I am convinced that non-cash circulation must be treated first of all. Otherwise, we will be like a housewife who, upon seeing water gushing from a faucet, grabs a rag and wipes it up from the floor instead of immediately calling for the services of a plumber. If the faucet of our mismanagement is not repaired, through which emissions flow, we will again return to today's situation in just 3-4 years.

What must be done first of all? Let us begin with that which is most obvious. We spend an average of 10 years building each enterprise. In other words, we invest money over a period of 10 years and receive nothing in return during that period. Strictly speaking, this path leads to the grave. We must simply and forever understand that we can build only in keeping with our available resources and not one building more. Moreover, we must first of all complete the erection of enterprises which will operate in behalf of the consumer market, will strengthen monetary circulation, improve the light, food and medical industries and so forth.

The second hole through which losses may flow—the extension of credit. The purchasing of raw materials and

component parts and satisfying the needs of current production—all of this is accomplished for the most part by means of bank loans. Since July 1931, it has been possible to obtain such loans without making good on previous ones. The conversion over from a cost accounting economy to an administrative-command one, which was carried out during the 1st five-year plan, came about in this manner. Since that time, new loans have automatically absorbed the old ones together with the interest involved.

At first glance, there is nothing terrible here. Actually, a resaturation of the country's economy with monetary funds, including cash, is being carried out. Thus a portion of a loan for raw material ends up in the wage funds of those enterprises which dispatch it, transport it, load it and so forth. In essence, we have transformed Gosbank into a window for the issuing of money. But where will it come from? A printing machine will be used for satisfying the increasing needs. Gosbank is subordinate to Gosplan. This pyramid must be overturned from top to bottom. Gosbank must dictate to Gosplan how much funds the state has and Gosplan, in its projects, must base its actions on what is available and not upon what it wishes to accomplish.

Today, with the exception of money, we lack everything. Thus, I am surprised by the boldness of those economists who recommend an immediate conversion over to a free market and to supply and demand prices. Our demand is uncontrolled. A spasmodic conversion over to a market system, even under conditions of unlimited crediting, will bring about an inflationary spiral that will surpass even that which occurred in Poland.

Certainly, the idea of a market is very attractive and we must proceed with its realization. But first of all we must organize strict control over budgetary expenses and particularly our crediting policies.

INVESTMENT, PRICES, BUDGET, FINANCE

Ways of Reducing Role of State Budget in Financing Economy Studied

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[Article by Yu. Lyubimtsev, doctor of economic sciences, professor: "State Budget and National Economy"; passages in boldface as published]

[Text] Economic reform changes significantly the interaction of the state budget and the system of financial and credit relations and the national economy. The transition to an economy controlled by the market and the state requires a profound reconstruction of the state budget and finances of enterprises and national economic sectors and a spasmodic development of the new bloc of financial relations at the regional level.

Was There a Reduction in the Budget Deficit?

From theoretical and political aspects the budget deficit is a truly new problem, which has recently been opened for analysis and criticism. Now both public opinion and specialists' attention are drawn primarily and mainly to this problem. However, one would wish that in its acuteness and urgency it would not overshadow the more fundamental problem of cardinally restructuring the system of interrelations of the state budget and the national economy as a whole. Elimination of the budget deficit is not equivalent to profound reform in the financial mechanism, which our economy needs. This is only one of its fragments. In principle, the budget deficit can also be eliminated on the old basis, without the restructuring of economic relations and reproduction proportions and even without a financial improvement in the national economy.

In the 1989 state budget the total budget deficit in the budget approved at a session of the USSR Supreme Soviet totaled 120.8 billion rubles. If the concept of total budget deficit is introduced, in 1989 it should have made up 32.3 percent of the existing real sources of state budget revenues and 21.8 percent of the volume of state budget expenditures approved by the USSR Supreme Soviet. The net deficit, that is, the lack of some (including borrowed) sources of financing planned budget expenditures, was envisaged in the amount of 35 billion rubles.

In the refined plan the budget deficit was already "reduced" to 99.3 billion rubles (total) and 13.5 billion rubles—net (net deficit). The expected fulfillment established the total deficit "only" in the amount of 92.2 billion rubles, that is, as its serious reduction—by 28.6 billion rubles. It would seem that from these data a conclusion should be drawn—and such an opinion was expressed, including on the part of government representatives—that the attained reduction indicates a symptom of improvement in finances and the economy. However, such a conclusion requires a **critical evaluation**.

The general concept of the joint decree of the CPSU Central Committee and the USSR Council of Ministers "On Measures for Financial Improvement in the Economy and Strengthening Money Circulation in the Country in 1989-1990 and During the 13th Five-Year Plan" with respect to the budget deficit is aimed at **overcoming it by increasing state revenues and reducing state expenditures**.

According to preliminary data, in 1989 it was possible to attain some positive results mainly in **one direction**—increase in state budget revenues.

The reduction in the deficit in 1989, as compared with the deficit of 120.8 billion rubles first established in the draft budget, is ensured 87 percent by the growth of the revenue part and only 13 percent, by the saving of expenditures. It is clear that this is by no means the best alternative of improving the health of the economy. Moreover, the change in the expenditure structure and

the forced shifting of resources from one direction in the expenditure of funds to another (natural calamities and big accidents) should be taken into consideration. For example, in 1989 savings were obtained basically owing to the nonutilization of funds for financing planned projects and the lag in the commissioning of new institutions in the social and cultural sphere.

Nor is the conclusion about the beginning of the process of financial improvement confirmed by the situation in which the reproduction process was carried out. In 1989 the rate of inflation increased 2- to 2.5-fold and, according to the data of the USSR State Committee for Statistics, its level made up 7.5 percent. The noted reduction in the budget deficit was possible under conditions of a reduction in the rate of growth of national income: in January-October 1989 its increase made up 4.6 percent, whereas during the same period of last year, 2.6 percent. The amounts of emission increased 1.5-fold. There was a growth of imports. Direct losses due to strikes totaled several billion rubles. A total of 21 to 24 percent of the enterprises and organizations in industry and construction did not fulfill accumulation plans and 6 percent of the enterprises in industry and 5 percent of those in construction were unprofitable.

The deterioration in the situation in national economic development directly counteracted, not only failed to promote, financial improvement. In our opinion, the effect of the "reduction" in the budget deficit in 1989 was due to the following factors: overestimate of the budget deficit in 1989; revision of the policy in the area of sale and consumption of some consumer goods (wine and vodka products); effect of the inflationary factor, which caused an unplanned growth of the population's income and was reflected in the revenue part of the budget. However, there was no real reduction. According to the 1988 report, the budget deficit totaled 90.1 billion rubles and in 1989, as indicated above, 92 billion rubles. The report by the USSR minister of finance at the second session of the USSR Supreme Soviet openly states the following: "The reduction in the deficit is ensured owing to additional revenues from the turnover tax, taxes on the population, receipts from foreign trade, and social insurance contributions of enterprises." The population's annual monetary income increased by 12.9 percent, exceeding its planned growth 10-fold and outstripping the growth of national income 5.4-fold.

It is obvious that at a lower rate of inflationary growth of monetary income there would be no such growth of state budget revenues, as compared with the plan, which would automatically signify an increase in the budget deficit. Its reduction at the expense of the inflationary factor cannot be considered an indicator of improvement in the national economy and in the country's financial and monetary turnover.

The maximum amount of the state budget deficit for 1990 is limited to 60 billion rubles, which, if we have in mind the quantitative aspect, seems to confirm the noted tendency. By 1993 the government sets the task of

reducing the budget deficit to 20 or 25 billion rubles, that is, to 2 or 2.5 percent of the gross national product, which, as is believed, does not give rise to serious negative consequences for the economy.

However, factors ensuring a reduction in the deficit are of great importance. Their regular combination makes it possible to raise the question of optimal or nonoptimal versions (types) of overcoming the budget deficit. The version using the inflation factor cannot be optimal. It overlaps both the "input" (revenues) and "output" (expenditures) of the inflationary flow in the system of the centralized state fund of financial resources. The reality of the optimal version can be attained only owing to profound transformations both in finances and in the national economy as a whole.

General Concept of the State Budget

Theoretically, the anti-inflationary nature of the state budget is most simply attained by a reduction or restraint of its expenditure part. What can this give? First of all, a **reduction in the demand** for consumer goods and investment resources. Thereby, the state reduces the pressure on the market and promotes its balance and stabilization. Next, the state budget through the policy of centralized financing can have a noticeable or decisive **effect on production efficiency** (reduction in free financing, elimination of a useless or, for example, ecologically harmful utilization of accumulation resources—the activity of the former Ministry of Land Reclamation and Water Resources and similar departments—and overcoming the unprofitableness of enterprises, sectors, and subsidized production). Finally, the policy of saving state expenditures **"unties hands" with respect to the policy of revenues**, the tax system, and stimulation of entrepreneurial activity.

That is why it seems that the policy in the area of expenditures should be the **initial link** in the reconstruction of the state budget. What tendencies were predominant here? What should the aspirations during the forthcoming medium-term (5-year) period be?

Until now the interpretation of the state budget as a budget of the **entire national economy** has been the general theoretical basis for it and for the **mechanism of its interaction** with the national economy. Such a concept signified the governmentalization of the national economic reproduction process and an unlimited expansion of the state mechanism of production centralization and of the distribution, redistribution, and utilization of national income, including the accumulation fund and, in part, the replacement fund. The system of forming revenues of the state budget was constructed and the amassment in it of the predominant share of monetary accumulations in the national economy was carried out in accordance with this concept. Hence the extreme passivity of tax policy and the orientation toward the abolition of taxes on the population. The state budget turned into a financial source of expanded reproduction for the bulk of formally cost-accounting enterprises and

sectors and into the common "boiler" of revenues and expenditures of the entire society and of all its parts and national state structures.

On the basis of the lack of personal responsibility for revenues corresponding patterns in the movement of the budget's expenditure part were formed. A tendency toward an unlimited growth of requirements for "common" financial resources without a determined dependence on one's own contribution was manifested. As a rule, when national economic plans and financial limits were drawn up, claims for centralized resources, in the aggregate, were overestimated 1.5- to 2-fold as compared with real possibilities. The limited resources and unlimited requirements of the state and its structures in the distribution and consumption of aggregate property gave rise to a disproportionate growth of the centralized financial fund, which is especially significant for the last two decades.

Whereas in 1970 the state budget system redistributed 54 percent of the used national income, in 1988, 74.2 percent. Whereas two decades ago the state budget surpassed the accumulation fund 1.8-fold, in 1988, 3-fold. Therefore, it has turned, essentially, into a fund for a joint spending of national income through the state. This mediation disrupts the cost-accounting relations of production and consumption, the quantity and quality of labor, and the well-being of the worker, his family, and entire collectives and gives rise to a mechanism of joint dependence, unprecedented in previous economic history, which is based primarily on a leveling appropriation of the effect of objectified productive forces created with the past labor of many generations.

The rapid increase in the share of the state budget was accompanied and caused by the outstripping rates of growth of its expenditures as compared with the economic base of the growth of its revenues—national income. During the indicated period budget expenditures increased 3-fold, whereas national income in actually existing prices, 2.2-fold. There can be only three factors in such a gap: a change in proportions of distribution of the net product, an inflationary growth of revenues, and an inflationary (deficit) growth of expenditures. From the standpoint of the tasks and goals of perestroika all of them can be considered especially negative. The change in proportions signifies the transfer of the economic turnover to an uncompensated and nonequivalent basis and undermining of independent reproduction and economic responsibility of cost-accounting links and sectors. Their space for an independent regulation of production accumulation and social development depending on the results of their own reproduction process was increasingly narrowed. To an ever greater extent they fell under the power of the center and its goals and policy.

The inflation factor on the part of revenues is no less dangerous than the inflationary nature of expenditures. The state participates in the sharing of the effect from the increase in prices and the population's income. Even

on a deficit-free basis the budget rapidly rises to an inflationary level of expenditures. The increasingly growing investment and social demand gets the opportunity for financing at the expense of inflationary revenues. Inflation along the line of revenues leads to the appearance of a vast mass of consumers owing to free budgets of funds and to hidden parasitism of part of the society, state departments, and part of the administrative and managerial personnel.

The budget deficit, which rapidly rose from 18 billion rubles in 1985 to 92 billion rubles in 1989, appeared as a kind of third "wave" of the general inflationary process in the "material production-budget-national economy" system in the unity of productive and nonproductive spheres. The structural inflationary growth of budget revenues was no longer sufficient for the state and it included in the reproduction and consumption mechanism an additional mass of instruments of payment (part of the general state loan fund) equivalent only to future commodity resources. This contributed to the disappearance (deficit) and rise in the price of the bulk of commodities that were available and corresponded to a smaller volume of effective demand. The mechanism of the common budget "boiler" reached a dangerous stage in its development, which required its transfer to a different functioning regime.

In our opinion, it is necessary to change over from the system of the state budget as the budget of the state and of the entire national economy (superbudget) to a system of an ordinary budget as a centralized fund of precisely the state. At the same time, the economic scale of the state budget should be limited to a smaller part of the national income, because its increased share will be distributed and redistributed directly by the participants (subjects) of the national economic process themselves (enterprises, associations, territories, the population, public associations of citizens, and so forth). The state and the budget will establish a system of circulation of financial flows, which will be founded on a new system of budget expenditures and revenues based on a tax mechanism.

Revision of the Policy of Budget Expenditures

The restructuring of the policy and system of budget expenditures signifies the following: a relative reduction in their volume; a change in the structure of their financing according to the vertical links of the country's budget system; restructuring of the budget financing of the national economy; switching of the sources and subjects of financing to the national economy; establishment of a correspondent connection of budget expenditures with appropriate revenues; appearance of new forms, methods, and items of budget financing, and so forth. Not examining all the aspects of this problem, we will turn to the most urgent ones.

A restraint of the consumer and socially dependent inclination of the masses, republics, and regions under conditions of an officially proclaimed and legislatively

approved social reorientation of the entire Soviet economy, which signifies the restructuring, first of all, of production proportions and structures and of corresponding changes in the production and technical apparatus, is a very complex problem of the forthcoming period of budget reconstruction. It cannot be reduced to a simple redistribution of limited consumption resources and to an increase in the consumption fund at the expense of the damaging minimization of the production accumulation potential.

From these positions the 1990 plan and the budget, redistributing resources in favor of consumption by badly-off strata of the population and other categories of workers, as yet do not create a firm basis for a budget reconstruction or for a steady continuation of the line of the economy's social reorientation. Instead of restraining the consumer inclination, an increase of 11 percent in expenditures on social and cultural measures is envisaged, whereas consumption and accumulation (national income) resources will rise by only 1.1 percent. Under these conditions, except for a sharp reduction in the accumulation potential to 13.3 percent of the utilized national income, an inflationary outstripping of the population's monetary income over real commodity resources is inevitable, which under conditions of the freezing of prices on some consumer groups of goods will lead to their general uncontrolled rise and weakening of the consumer market (a certain correction of these tendencies can be caused by the "shock" of the tax on an increase in the wage fund of workers at cost-accounting enterprises and cooperatives, as well as by the introduction of a new scale of income tax on the population).

A social reorientation of the economy through an increase in the population's income (including on the basis of the new Law on Pensions) and a reduction in the share of accumulation resources is envisaged for the entire 13th Five-Year Plan. According to available calculations, by 1995 the production accumulation norm can be lowered to 10.4 percent (for comparison, in 1985 it was 19.1 percent). **The weakened accumulation potential cannot ensure a significant acceleration of the development of group "B" and the entire subdivision II of public production, which casts doubt on the reality concerning the high rates of growth of consumer goods production** (113.5 percent according to the 1990 plan and 148 to 152 percent in 1995 in relation to the base year of 1990). Even if the high rate of labor productivity growth established in calculations (129.3 percent of the 1990 level), which is almost twice as high as the existing one, is taken as the substantiation for these versions of planned calculations, it should be taken into consideration that as yet there is no technical basis for such an acceleration. An abrupt release of workers from material production is becoming real. However, the unpreparedness of the nonproductive sphere for an intensive acceptance of labor resources, the lack of the appropriate investment resources for it, and the introduction of leasing relations and collective and individual forms of property here, as in material production—all this can hinder the overflow

of manpower from one sphere to another and lead to unemployment, to a corresponding increase in social tension in society, and to the return of centralized regulation of the employment structure.

It is necessary to revise the policy with respect to the production accumulation norm and to solve the problem of social reorientation of material production and the budget on the basis of its optimal level. Research conducted, for example, at the Institute of Economics of the Ukrainian SSR Academy of Sciences shows that in our economy the real accumulation norm of fixed productive capital is 1.5-to 2.5-fold lower than in Western countries.¹ Optimization of the production accumulation norm signifies not only raising it to the level dictated by the rate of scientific and technical progress, but also the transformation of its structure: establishment of a relatively dynamic advantage of the growth of the accumulation norm in subdivision II, as compared with the accumulation norm in subdivision I, with a subsequent attainment of an optimal interaction of these norms by means of the overflow of capital by the market mechanism.

The main role in the formation of the accumulation fund and norm and of the rates and proportions of economic growth is assigned to the market mechanism. However, its efficiency will be largely determined by relations with the budget and by the policy of its expenditures and revenues. The 1990 state budget pursues a very ineffective line in this respect: A total of 19.4 billion rubles, that is, less than 10 percent of the total volume of capital investments in the national economy, will be allocated for financing expanded reproduction at the expense of the Union budget. At the same time, the amount of subsidies and additional payments from budget funds will total almost 116 billion rubles, of which more than 100 billion will be for sectors of the agro-industrial complex. At present the mechanism of budget financing for simple and expanded reproduction of the agro-industrial complex is a significant obstacle to the development of market relations in the agroprom and the main factor in the inflation and rise in prices in this key economic sector. It is necessary to separate the subsidy fund from the country's total state budget, to legalize and limit the sources of its formation, to significantly reduce the state order for agricultural products, and to compel kolkhozes, sovkhozes, and processing enterprises to sell a significant part of their products to partners along the horizontal line, to retail trade enterprises, and directly to the population on the basis of mutual contracts and obligations at market prices, which are controlled and limited by the state (by means of taxes, fines, sanctions, the crediting and settlement regime, and so forth).

In connection with the transition to market price formation it is necessary to abolish payments from the budget, especially the Union budget, and differences in prices and in their increments and to transfer budget allocations directly to the population, significantly limiting the amounts of compensation payments to assistance to the strata and families that have a per-capita income at the

level of, or below, the determined limit, which is socially regulated with due regard for the inflation index.

There is a need for a 5-year program for unloading the state budget in terms of all items of expenditures, not excluding defense expenditures, so that, first, the share of state budgets of Union republics increases to 70 or 75 percent instead of 49 or 50 percent at this moment and, second, the enterprises themselves and their associations and groupings bear all the expenditures on simple reproduction and the overwhelming share on expansion. It is advisable to transfer budget allocations for investments to the bank system against interest with their subsequent placement on a commercial basis. The share of budget funds in society's expenditures (including cost-accounting sources) on social and cultural measures is excessively high. Processes of self-financing and self-management of enterprises and territories also make it possible to carry out the necessary restructuring here, decentralizing the mechanism of formation and utilization of public consumption funds.

As of 1990 the USSR Ministry of Finance proposed a new structure of the state budget: the current budget and the development budget. Not arguing about the terminology, we would like to note that, on the whole, such a division is very unfortunate. Items financed at the expense of the budget deficit, that is, centralized capital investments, expenditures on science, and so forth, are included in the development budget. At the same time, all subsidies are included in the current budget. Those familiar with expanded reproduction models know that capital investments, especially centralized ones, already have their own economic equivalent—the expanded reproduction potential—and there is no need to finance them from nonexistent monetary resources (deficit). Science also belongs to this potential as society's productive force. Apparently, from the very beginning the government should submit only a deficit-free budget to the USSR Supreme Soviet and all subsidies and additional requirements, including for social and cultural measures, should be considered especially and be linked with a new financing source. In brief, the country's Supreme Soviet should primarily bear the responsibility for the budget deficit. In the budget it is advisable to single out items (expenditures) of a priority, limited, and residual nature.

New System and Policy of Budget Revenues

Revenues represent the initial stage of circulation of the budget flow. Fundamental changes are expected here during the forthcoming years: There will be a turn of so-called receipts from the national economy to a system of taxes, on which the state budget will be based.

The system and policy of state budget revenues will express the following: a multisectorial and multistructural nature of the economy arising on the basis of the diversity of property forms; a new nature of relations between the state and taxpayers as proprietors or owners of revenues; a new hierarchy of relations in the renewed

state federation; a multifunctional role of the tax system itself not only as a form of state revenues, but also as a system of its interaction with the national economy and its subjects; a different structure and relations in the new "civilian" society. Only the first stage in all these restructuring processes has begun now.

The old system of "receipts" will go away quite quickly. As of 1991 the **profit tax** will replace payments and deductions from profit, including the charge for productive capital. The drastic process of increasing the role and quantitative weight of the progressive tax on citizens' income and, subsequently, of the population's other tax payments will begin as of the current year. Tax receipts from the cooperative sector are becoming ever more significant. Wholesale, purchase, and retail price reform (1991-1992) will create favorable prerequisites for solving the difficult fate of the turnover tax and for transforming it into a version of the added value tax adapted to our conditions and, partially, into excises on individual types of goods. A bloc of new taxes on physical persons regulating the property status of members of society (inheritance tax, capital gains tax, and so forth) will appear. Various kinds of special taxes (of an antimonopoly nature, ecological and customs taxes, duties, and privileges) will acquire special importance. The role and scale of regional taxes and payments and of local and republic tax policy, whose formation and implementation should be carried out within the framework of the uniform tax system of our Union state, will be manifested in a new way.

However, the formation of the new system of state budget revenues and an organic inclusion of the tax mechanism in the general system of society's socioeconomic mechanism will proceed not very simply and, taking into consideration the tendencies toward the rise in the administrative role of Union republics, which in one way or another have embarked on the path of formation of a common market, painfully. On the whole, the entire system of relations of single state monopoly lends itself to evolutionary development with difficulty. There is an attempt to raze it to the ground and to plunge into the maelstrom of the free market. However, a farsighted and effective policy is seen in dismantling only what hampers the market and a diversity of property and in preserving, modernizing, and adapting for new conditions what helps to regulate complex and ambiguous market and property processes in the interest of scientific-technical and social progress. At least now as never before the most useful functions of the state center lie, first, in establishing and introducing new economic mechanisms (in this case taxes) into the far from harmonious environment; second, in ensuring a public (state) regulation of property processes and tendencies toward and aspirations for group egoism and in directing it toward the principles of healthy competition; third, in protecting the formation of a common Union market against regionalization and administrative division throughout Union republics.

The 1990 budget in its revenue part, possibly, contains even more problems than in the expenditure part. The inflationary process intensifying in the national economy flows into it precisely through revenues. Its revenues are full of hidden and open contradictions: 41 billion rubles of revenues from the sale of wine and vodka products; monopoly revenues from foreign trade connected with the resale by the state of imported goods on the scarce internal market, and so forth.

In terms of their economic content budget revenues after the restructuring of the budget will be subdivided into the following main groups: revenues from state property; taxes on revenues of other proprietors—subjects of management—(profit tax and others); taxes on physical persons (income tax, property taxes, and so forth) and on the consumer (added value tax and excises). As a result, a picture with the burden of direct and indirect taxation on citizens will be manifested. Indirect taxation has a direct bearing on the reproduction and management mechanism: The higher it is, the weaker the relationship of the efficiency and success rate of management with the budget. In our opinion, it is necessary to strive for something else: To reduce the burden of indirect taxation and to intensify the dependence of the budget on production efficiency and the state of the market through the profit tax system and income (direct) taxes on citizens.

For a long time in the financial literature there was a debate on the nature of the turnover tax. The official point of view, despite obviousness (for example, revenues from the sale of alcoholic beverages, jewelry, and motor vehicles), denied the existence even of an excise "claw" in it. Now the official interpretation has changed. For example, as V. K. Senchagov, chairman of the USSR State Committee on Prices, writes, "our relatively low taxes on physical persons are combined with huge indirect taxes. In 1988 the share of the turnover tax in relation to the gross national product made up 11.7 percent. A similar indicator in the United States makes up only 0.7 percent."² In the opinion of USSR Minister of Finance V. S. Pavlov, in the future the development of the turnover tax is seen in transforming it into such a modified form as the value added tax, which, as is well known, pertains to indirect taxes. In connection with price formation reform favorable opportunities are also created for turnover tax reform in order to introduce a new tax of the added value tax type, or a sales tax, simultaneously with new prices.

In the process of price reform part of the turnover tax will shift to profit. On the whole, according to our calculations, the share of receipts in favor of the budget from the population in the form of hidden indirect taxes now makes up 28 percent of all the real USSR state budget revenues and about 38 percent of all the population's tax payments. Thus, the population itself in one form or another fully compensates for all the inefficient subsidies for the agro-industrial complex and for one-half of the state expenditures on social insurance and social security. However, this is done in a hidden form

and, therefore, without the proper social return, without control, and with a violation of the principles of social justice. The system of indirect taxation on the population should be normatively linked with specific state social expenditures and be controlled by society and should not be placed under the complete control of strong-willed government decisions.

The profit tax will become the central link of the new tax mechanism. It makes it possible to free oneself from the administrative-departmental requisition system based on thousands of individual normatives destroying intersectorial processes and the correct "metabolism" and servicing the economy of "one boiler," from which, however, different sectors and republics ladle with different spoons. Departmental finances will disappear. The 40 billion rubles that ministries and departments now centralize, often in detriment to priority and well-operating enterprises, should be left directly in the turnover of cost-accounting enterprises.

The functions of the profit tax are very significant: a source of state budget revenues; a regulator of financial proportions, processes of accumulation, and rates of economic growth; a lever of economic stimulation of entrepreneurial activity; a method of overcoming departmental monopolism and administrative pressure; a tool of economic management and development of a system of self-financing and independence on the part of enterprises; a specific form of equalizing economic conditions of management and a stimulator of competition. However, these functions should develop even more. The effectiveness of the profit tax and, accordingly, of budget policy will be largely determined by its mechanism.

The tax rate, benefits, and the relationship with other taxes, especially with the tax regulating the expenditure of the resources of the consumption fund (the wage fund), are the chief things in the profit tax mechanism.

A progressive principle of constructing the profit tax was found in the government draft law "On a Uniform Tax System in the USSR," that is, at a uniform rate with respect to the bulk of the taxed profit. Legislative practice leans in favor of a package of tax laws, which seems correct and makes it possible to more carefully and thoroughly refine the tax mechanism, including the system of amendments to laws after their testing in practice.

The advisability and substantiation of a uniform profit tax rate is determined by objective reasons: the unity of society's economic mechanism; equality with respect to the tax on the spheres of capital application, which creates the basis for its free overflow in the search for the biggest profit; equality of enterprises before society (the budget) as taxpayers, which, in practice, realizes the equality of the forms and subjects of property, the equality of their obligations to society, and the equality of conditions in a competitive fight on the socialist market.

It is especially important to ensure—by means of tax policy—effective economic growth under conditions of the market and self-financing and self-management of enterprises. The mechanism of management of economic growth is now being replaced. It depends to an ever greater extent on decentralized decisions of the mass of managing subjects.

It seems that the tax mechanism can be effective if it is profitable for the labor collective and every worker to leave his ruble in circulation, not to withdraw it immediately in the form of income, and if the tax mechanism forces a restraint of the growth of the wage fund and supports interest in an increase in the mass of profit through factors of reduction in production costs, labor productivity growth, and introduction of scientific and technical achievements. Preferential taxation on capital investments, an increase in the statutory fund, a high rate of income tax on wages and a lower one on dividends, a regressive (depending on the length of the period) scale of the tax on the individual share withdrawn from circulation, and so forth should contribute to this.

In order to restrain the inclinations toward consumption, we should apply preferential taxation, or not impose at all income tax on citizens and the tax on a wage fund increase on the part of the wage fund that will be left in the enterprise's circulation and be used as a source of increase in the enterprise's statutory fund in the part of its collective property. Conversely, the amount of the wage fund increase (including all bonuses and benefits), which was paid to the collective last year, should be added (arithmetically) to the amount of taxed profit of the following period and be subjected to taxation at the general rate of the profit tax during the next 5 years. In this case special taxation on the wage fund increase should be given up.

It should be stated that the government program for improving the economy and for the fundamental approaches to the 13th Five-Year Plan is not oriented in everything toward stimulating efficient economic growth: It is planned to withdraw from enterprises 20 percent of the depreciation funds for renovation. The cost of long-term credits is rising sharply. A tax on new construction projects and an expansion of existing enterprises at the rate of 25 to 30 percent of the estimated cost of construction projects is being introduced. Stagnation of economic growth under conditions of inflation can have serious consequences.

The policy of budget revenues should be a continuation of the policy of budget expenditures and vice versa. The idea of a uniform circulation in the budget process is very fruitful. Thus, it is advisable to invest budget funds (along with their transfer to banks) on the expectation of a high budget return in the form of growth of budget revenues. There is a need for a concept of priority financing for the most efficient—from the point of view of budget return (a high rate of turnover of funds)—ministries, sectors, enterprises, and their associations

and for a corresponding reduction in budget allocations for ministries and sectors with a low or average budget return (rate of turnover of resources). Calculations performed at the Scientific Research Institute of the USSR State Committee for Statistics show that in the most efficient version an overflow of state capital investments will bring additional tens of billions of rubles in budget revenues.

With the development of forms of property the state budget loses its monistic nature. It becomes a tool of regulating a multisectorial economy and will increasingly depend on its successful functioning.

Footnotes

1. See: B. Ye. Kvasnyuk, "Myth of the Excessive Accumulation Norm," EKO, No 7, 1988, pp 7 and 15.

2. PRAVITELSTVENNIY VESTNIK, No 22, 1989, p 4.

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Commercial Banking Activities Described: Law On Banks Needed

904A0243A Moscow *EKONOMIKA I ZHIZN*
in Russian No 10, 10 Mar 90 p 17

[Interview with Ants Veetyusme, president of an association and chairman of the administration of the Tartu Commercial Bank, by correspondent P. Ivanov; date and place not specified: "Do You Need Credit?"]

[Text] The economic reform has breathed life into our commercial and cooperative banks. Their influence upon the economy is becoming more noticeable with each passing day. Such institutions exist today in practically every oblast and republic. An All-Union Association of Commercial Banks has been created and is operating successfully in connection with coordinating the work of new credit institutions. The president of the association and chairman of the administration of the Tartu Commercial Bank Ants Veetyusme holds a discussion with our correspondent P. Ivanov on the problems concerned with the formation and development of the new banks.

[Veetyusme] Frankly speaking, the first stage in the formation of commercial banks cannot be referred to as being easy. But despite the difficulties involved, the rates of growth in the number of commercial and cooperative banks have exceeded the boldest forecasts. At the beginning of last year there were only four dozen of them and yet today more than six times that number are registered. The overall total of the official fund exceeds three billion rubles. Yes and the count of credits issued is also in the billions. The annual turnover of the Moscow Innovative Commercial Bank alone has reached 500 million rubles. More and more often, the enterprises themselves are initiating the creation of commercial banks. This is

clearly borne out by the names of some of these institutions—Moscow Commercial Bank of the Chemical Industry, Leningrad Joint Stock Bank for enterprises of the Energomash MGO [Moscow City Department] and others.

Today the economic executives desire a bank to be not simply a storehouse for financial resources, but a reliable and businesslike partner and one that is prepared to lend assistance in the execution of well conceived plans. The enterprises forge a monopoly of specialized banks, which are accustomed to dictating their own terms to them. It is no secret that it is very difficult to obtain credit from them. Mountains of paper are consumed and dozens of inquiries and applications are handled. At that time, a certain amount of compassion was possible. But this is no longer the case.

For example, the Estselkhozstroy Trust could only apply for credit, for the creation of a small construction enterprise, to Promstroybank and Zhilsotsbank of the Estonian SSR. And everywhere it encountered polite rejections. It is maintained that our instructions did not provide for the presentation of credit for such purposes. Like it or not, the rural builders had to turn to us and we issued them credit in the amount of 300,000 rubles. A new construction enterprise will soon be created and this year it will return a portion of the loan.

[Ivanov] But is the interest rate for credit higher as a rule in the commercial banks?

[Veetyusme] Not always. For example, in the Tartu Commercial Bank it fluctuates from 3 to 12 percent. Its amount is dependent upon the purposes for which the credit is extended. When the risk is great, then the interest rate is higher. It must not be forgotten that we ourselves must earn the resources needed for existence. There is no doubt but that the commercial banks often provide a gain in time in the acquisition of credit. And, as is well known, time means money and especially for an enterprising economic executive. Moreover, a high interest rate is a type of economic lever or stimulus. It encourages more efficient use of the credit made available.

Quite often the commercial or cooperative banks themselves become full and equal partners in the realization of a plan for which credit was allocated. In such instances, favorable conditions are usually made available, since later the bank will receive its share of the profit.

Such operational experience is already available in the industrial commercial AvtoVASbank, in a Moscow bank for furnishing assistance to scientific-technical progress, in the Riga Commercial Bank and in a number of other banking institutions.

[Ivanov] Thus, it is easy for the commercial banks to find a common language with interested enterprises. But how are their relationships with Gosbank and specialized banks?

[Veetyusme] The situation is worse in this area. Although the initiatives advanced within the association are receiving businesslike support from the administration of USSR Gosbank, difficulties are nonetheless being experienced in other areas. One often hears complaints being registered indicating that we are enticing not only customers but also the best workers. Moreover, the local branches of specialized banks are interposing all types of obstacles at those times when their customers choose to transfer their spare funds from their accounts in commercial banks. This is precisely what occurred in Baku. Here the operational administration of Zhilsotsbank of the Azerbaijan SSR refused for a long period of time to provide cash services for customers of the Universal Commercial Bank and Bakkoopbank. Assistance had to be sought from Moscow. The deputy chairman of administration for USSR Gosbank, V. Zakharov, turned to the management of Gosbank for the Azerbaijan SSR and the problem was solved. It bears mentioning that appeals by the association have always received constructive responses from the country's Gosbank and other banks. And yet it is felt that at times the specialized banks do not desire competition.

[Ivanov] What type of assistance does the association still need for raising the operational efficiency of the commercial banks?

[Veetyusme] First of all, we need more trust on the part of the directive organs and economic departments. Indeed, the commercial banks are just as interested as these organs and departments in the economic reform being successful. We need more independence. The time is at hand for defining in clear legal language exactly what constitutes property that is created on a share basis.

In the future, we will wait for the legislative and directive organs to take into account more completely the operational peculiarities of the commercial and cooperative banks and to heed the opinion expressed by the association. The adoption of the Law on Banks must be accelerated. In our opinion, it should describe in a clear manner the system of interrelationships between Gosbank and the commercial banks. The law must ensure equal working conditions for all types of banks and it must reinforce the right of commercial banks to engage in foreign economic activities.

Commercial bank taxation is in need of important changes. Today they must transfer over to the state budget approximately 60 percent of their profits. This is obviously a large amount. Based upon international practice, the withholdings should amount to 35-40 percent. And for the first two years, the period devoted to establishing the new bank, it makes sense to provide it with certain advantages. Allow it to stand on its own two feet and acquire experience.

These and other recommendations we directed to Gosbank and USSR Minfin [Ministry of Finance]. It is hoped that they will be understood correctly. Indeed, in addition to the shareholders and our association, the

state is also interested in raising the operational efficiency of the commercial and cooperative banks.

REGIONAL DEVELOPMENT

Lithuanian Law on Enterprises Published

Text of Law

904A0414A Vilnius EKHO LITVY in Russian
22 May 90 pp 2-3

[Text of Law of the Lithuanian Republic on Enterprises]

[Text]

Section I

General Provisions

Article 1. Objectives of the Law on Enterprises

This law establishes the subjects having the right on behalf of their firm to engage in permanent commercial and economic activities in the Lithuanian Republic, as well as the legal bases for their creation and activities.

The creation of individual types of enterprises indicated in Article 6 of this law, as well as their legal status, activities, liquidation, and reorganization are governed by the appropriate laws.

This law does not apply to juridical persons engaging in noncommercial (not for profit) activities. The creation, liquidation, reorganization, and activities of noncommercial enterprises are regulated by the Civil Code of the Lithuanian Republic and by the charters of these enterprises.

Article 2. The Enterprise

An enterprise is an economic unit having its own company name and created in accordance with the established legislative procedure for specific commercial and economic activities. The complex of material, financial, and nonmaterial assets, its rights, and responsibilities make up the enterprise.

An enterprise, as a subject of law (business operator), may have the rights of a juridical person or operate as a physical person.

Article 3. The Business Operator

A business operator is a physical or juridical person, and also several physical or juridical persons joined together into a company (partnership), who by right of ownership owns, manage, and dispose of the property of an enterprise and organize the economic and financial activities of the enterprise.

A business operator acquires the right of ownership of an enterprise on the basis of creating an enterprise, through purchase and sale, or other civil transactions.

If an enterprise belongs to the Lithuanian Republic by right of ownership, the management bodies of the enterprise accomplish the functions of the business operator.

If an enterprise is leased, the leaseholder enjoys the rights of a business operator for the duration of the leasing agreement.

Article 4. Management of an Enterprise

The system of enterprise management bodies, the procedure for forming them, and their jurisdiction are established by the law governing the activities of the corresponding type of enterprises, the charter of the enterprise, and other founding documents of the enterprise.

Article 5. Labor Relations of an Enterprise

Labor relations at an enterprise may be based on an employment contract or membership in an economic partnership.

Labor relations based on an employment contract are regulated by the employment contract and by labor legislation of the Lithuanian Republic, which establishes for workers at all types of enterprises the minimum wage requirements, working conditions, length of the workday and time off, hygiene, and labor safety.

Relations based on membership in an economic partnership are regulated by the founding documents of the enterprise.

Section II

Types of Enterprises

Article 6. Types of Enterprises

The following types of enterprises may operate in the Lithuanian Republic:

- 1) individual (private);
- 2) unlimited economic partnerships;
- 3) limited (secret) economic partnerships;
- 4) joint stock companies and closed-end stock companies;
- 5) state (local self-government) enterprises.

Article 7. Individual (Private) Enterprise

An individual (private) enterprise by right of ownership belongs to a physical person or several physical persons by right of joint ownership. Nonproduction organizations having the rights of a juridical person can also own an individual (private) enterprise by right of ownership. An individual (private) enterprise does not have rights of a juridical person, and its property is inseparable from the property of the business operator. The business operator is liable within the limits of all his own property for the obligations of the enterprise.

An individual (private) enterprise should bear the name of the company bearing the name of its owner.

The creation, liquidation, and activities of an individual (private) enterprise are also regulated by the Civil Code of the Lithuanian Republic and other laws.

Individual (private) enterprises of nonproduction organizations, at the request of their founder, can be granted the rights of a juridical person by the government of the Lithuanian Republic. The laws regulating the activities of state enterprises apply to such enterprises.

Article 8. Unlimited Economic Partnership

An unlimited economic partnership is an enterprise bearing full property liability created on the basis of an agreement on common joint activities by combining the property of several physical or juridical persons into an aggregate share ownership for commercial and economic activities under a common company name. An unlimited economic partnership does not have the rights of a juridical person, and its property is inseparable from the property of the members of the partnership. Its members bear full liability within the limits of their own property for the obligations of an unlimited economic partnership. An unlimited economic partnership is not liable for its members' obligations that are not associated with the activities of the partnership.

At least one of the names of the owners should be used in the name of the unlimited economic partnership.

The creation, liquidation, and activities of an unlimited partnership are regulated by the Civil Code of the Lithuanian Republic, the Law of the Lithuanian Republic on Economic Partnerships, and also by the agreement on common joint activities on the basis of which the unlimited economic partnership is created.

Article 9. Limited (Secret) Economic Partnership

A limited (secret) economic partnership is created by the full members and limited members acting on behalf of the joint firm and to whom the property of the enterprise belongs by right of aggregate share ownership. A limited (secret) economic partnership is not a juridical person, and its property is inseparable from the property of the full members of the partnership. The full members bear joint liability for the obligations of the limited (secret) economic partnership within the limits of all their own property, and the limited partners—only within the limits of the part of their own property transferred in accordance with the agreement for joint activities of the limited (secret) economic partnership. The limited (secret) economic partnership is not liable for its members' obligations that are not associated with the activities of the partnership.

Physical or juridical persons may be members of a limited (secret) economic partnership. A limited (secret) economic partnership should consist of at least one full member and at least one limited partner.

A limited (secret) economic partnership should have a company name bearing the name of at least one full member of the partnership.

The creation, liquidation, and activities of a limited (secret) economic partnership are regulated, besides by this law, by the Civil Code of the Lithuanian Republic, the Law of the Lithuanian Republic on Economic Partnerships, and also by the agreement on common joint activities in accordance with which the limited (secret) economic partnership is created.

Article 10. Joint Stock Company and Closed-End Stock Company

A joint stock company and closed-end stock company are enterprises having limited property liability, possessing the rights of a juridical person, and whose capital is divided into shares of stock. Joint stock capital by right of ownership belongs to the joint stock company or closed-end stock company as a juridical person.

Shareholders are members of the company, which they become as a result of acquiring shares of the joint stock company or closed-end stock company in the procedure established by legislation. Physical persons, juridical persons, and the state, represented by a corresponding state body, may be shareholders.

Shareholders have the right of ownership of stock. The sphere of circulation of shares of a closed-end stock company is closed.

The creation, liquidation, and activities of a joint stock company and closed-end stock company, their relations with shareholders and creditors, and other relations associated with the activities of the company are also regulated by the Civil Code of the Lithuanian Republic, the Law of the Lithuanian Republic on Joint Stock Companies, and the charter of the individual joint stock company or closed-end stock company, approved and registered in the prescribed manner.

Article 11. State Enterprise

A state enterprise by right of state ownership belongs to the Lithuanian State, has the rights of a juridical person, and has limited property liability. The state (local self-government) is not liable for the obligations of the enterprise, and the enterprise is not liable for the obligations of the state (local self-government).

The creation, liquidation, and reorganization of state enterprises are also regulated by the Civil Code of the Lithuanian Republic, the Law of the Lithuanian Republic on State Enterprises, and by the charter of the individual state enterprise, approved and registered in the manner prescribed by law.

Section III

Fundamental of Economic Activities of Enterprises

Article 12. The Sphere of Activities of an Enterprise

An enterprise has the right to engage in any commercial-economic or other activity not restricted by this or other

laws, by the charter of the enterprise, by the agreement creating it, by other founding documents, or otherwise prohibited.

Article 13. Issuance of Licenses

Without authorization (license) issued by the government of Lithuania or by another body at its direction, it is prohibited:

- to prospect for and exploit mineral deposits;
- to exploit natural resources;
- to repair sporting and hunting rifles;
- to engage in the manufacture and sale of medicinal preparations and chemical substances;
- to engage in the manufacture of beer and unfortified wine;
- to engage in medical and hygienic practice;
- to engage in veterinary practice;
- to engage in legal practice, unless otherwise provided for by law;
- to set up educational institutions;
- to set up and maintain gambling houses and organize gambling.

State enterprises exclusively are authorized:

- to manufacture and sell narcotic, virulent, and poisonous substances;
- to manufacture liquors, wines, and other alcoholic beverages;
- to manufacture tobacco products;
- to manufacture weapons and explosives;
- to engage in the treatment of patients suffering from dangerous and highly dangerous infectious diseases, including communicable skin and venereal diseases, as well as aggressive forms of psychological disorders;
- to engage in the treatment of animals suffering from particularly dangerous diseases.

Physical and juridical persons of other states must receive permission from the government of Lithuania to perform any activity on the territory of the Lithuanian Republic. This permission is not required for juridical and physical persons of other states expressing a desire to acquire shares of stock in a joint stock company or closed-end stock company.

An authorization (license) for engaging in economic activities must be issued no later than 30 days from the date of receipt of application. In the event of refusal to issue authorization (license), justification for the refusal

must be given to the applicant within the same time period. Refusal to issue authorization (license) cannot be based on inexpediency of the enterprise's activities.

Article 14. Relations Between Enterprises and State Agencies

Enterprises operate independently; quotas of state authorities or management bodies are not mandatory for them. State agencies do not have the right to be involved in the affairs of enterprises or to regulate their economic activities by administrative methods, except when, in a manner prescribed by law, special supervision applies to instances when enterprises commit violations of the law, or when the state is appointed as liquidator as a result of bankruptcy or in other cases provided for by law.

All enterprises have equal legal and economic conditions of economic management.

In the event an emergency situation is declared or a specific territory is declared a disaster area in accordance with a decree by the Supreme Soviet of the Lithuanian Republic, enterprises are obligated to carry out the instructions of the government of the Lithuanian Republic or body of local self-government.

An enterprise can receive in a centralized manner financial, material, or other assets being allocated (sold) by the state for a price set by the state or for a contract price and for the corresponding contract commitments made by the enterprise to the state (local self-government) body.

Article 15. Monitoring the Activities of Enterprises

An enterprise must take inventory and submit to state agencies, in accordance with the laws of the Lithuanian Republic, information concerning it that is necessary for taxation of the enterprises and for keeping finance and accounting records. An enterprise has the right to keep secret documentation reflecting its commercial activities.

Examination and audit of an enterprises' activities are permitted only in cases prescribed by laws of the Lithuanian Republic.

Article 16. Liability for Violating the Laws on Enterprises

Legal proceedings can be instituted in the prescribed legislative manner against enterprises (business operators) and administration officials of enterprises for violations of this law or other laws regulating the creation of enterprises or their activities.

Section IV

Creation of Enterprises and Termination of Their Activities

Article 17. Founder of an Enterprise

The founder of an enterprise can be a physical or juridical person or the state (local self-government),

represented by its agencies or the board of directors of the enterprise being created.

An enterprise can be created by one or several founders.

Article 18. Procedure for Creating an Enterprise

The procedure for creating an enterprise is prescribed by this law and other standard acts governing the creation of individual types of enterprises.

Article 19. Founding Documents of an Enterprise

The founding documents of an enterprise are the enterprise charter, the authorization (license) to engage in a specific type of economic activity, the qualification certificate, the act on granting the section of land, if such documents are necessary in accordance with this law and other laws, as well as the authorization of the self-government to engage in economic activities, if it is envisioned that funds from the budget of the Lithuanian State are to be used to create the enterprise. The founding documents of individual types of enterprises also include the agreement on creating an enterprise, on common joint activities, or on leasing. Other founding documents of an enterprise may be specified by individual laws.

The content and format of the founding documents of an enterprise are prescribed by the standard acts governing the creation of individual types of enterprises.

Article 20. Authorization of Local Self-Government To Engage in Economic Activities

The authorization of local self-government to engage in economic activities is necessary only if an enterprise is being created using funds from the budget of the Lithuanian State and is registered in the Ministry of the Economy of the Lithuanian Republic. In other cases, registration of enterprises (the agreement on creating an enterprise or its charter) is equivalent to authorization by the local self-government to engage in economic activities.

Authorization to engage in economic activities is issued by an agency of local self-government on submission of all founding documents by the enterprise.

The authorization to engage in economic activities may indicate the enterprise's term of operation.

The agency of self-government cannot give authorization to engage in economic activities if:

- 1) creation of the enterprise is harmful to the health of the population or the environment;
- 2) the charter of the enterprise being created or other founding documents of the enterprise do not conform to the laws;
- 3) in other cases specified by law.

The agency of self-government is obligated to consider within 15 days of submission of the founding documents the question of authorization to engage in economic activities and inform the founder of the enterprise of its decision in writing.

If circumstances indicated in part four of this article exist, the agency of self-government may issue conditional authorization to engage in economic activities and establish a time period in which the founder or enterprise must eliminate the circumstances preventing issuance of the authorization. In the event of nonfulfillment of these requirements, the agency of self-government has the right to revoke the conditional authorization to engage in economic activities.

The agency of self-government, in the manner specified by law, can revoke the authorization to engage in economic activities in the event circumstances indicated in part four of this law are subsequently discovered. The agency of self-government informs the business operator, the enterprise administration, and state agencies monitoring the economic and commercial activities of enterprises in writing about the revocation of the authorization.

If a business operator does not register the enterprise within one year of receipt of authorization to engage in economic activities, the authorization becomes null and void.

Refusal by an agency of self-government to issue authorization of a decision to revoke an authorization to engage in economic activities or to issue a conditional authorization can be appealed judicially by the founder of an enterprise no later than 13 days of handing down of the decision by the agency of self-government.

Article 21. Registration and Reregistration of an Enterprise

Every enterprise must be registered before commencing its economic activities. Activities of an unregistered enterprise are prohibited. The income of business operators received from an unregistered enterprise is exacted through the court by agencies of the Ministry of Finance to the state budget.

An enterprise is considered created on the date of its registration. Enterprises are registered by a top-level agency of self-government, and enterprises created using state funds are registered by the Ministry of the Economy of the Lithuanian Republic or at its direction by another state agency.

Registration of enterprises is regulated by the Law on the Lithuanian Republic on Registration.

Enterprises submit the following documents for registration:

1) a registration declaration by the founder or founders of an enterprise, indicating the information necessary for inclusion in the register;

2) appropriately completed founding documents of the enterprise;

3) certificate of payment of state duties.

The decision on registration or refusal to register an enterprise must be made within 15 days of submission of all documents indicated in part two of this article. The holder of the register announces registration of the enterprise in the local and republic press.

If registration of an enterprise (agreement on creation of an enterprise or its charter) is equivalent to authorization to create it, Article 20 of this law applies.

If changes or additions are made to the founding documents of an enterprise, reregistration of the enterprise is accomplished in accordance with the requirements of this article. An enterprise is also subject to reregistration if it is sold, leased, or transferred by other means in accordance with the law to other physical or juridical persons or to the state.

Article 22. Refusal of Registration or Reregistration of an Enterprise

Refusal of registration of an enterprise is possible in the event of nonsubmission of the documents specified in Article 21 of this law or nonconformity of these documents to the requirements established by the law. Refusal of registration of an enterprise on other grounds is illegal. The appropriate agency must notify the founder of the enterprise of the registration refusal in writing within 3 days.

The refusal of registration of an enterprise may be appealed judicially. The business operator may seek remission through the court for losses incurred as a result of illegal refusal of registration of an enterprise.

If the registration of an enterprise (agreement on creation of an enterprise or charter) is equivalent to authorization to engage in economic activities, disputes over registration are considered in accordance with Article 20 of this law.

The procedures outlined in this article also apply in the case of reregistration of enterprises.

Article 23. Liquidation and Reorganization of an Enterprise

The following may be grounds for liquidation of an enterprise:

a) a decision by the enterprise owner to terminate the enterprise's activities;

b) declaration of insolvency of an enterprise in connection with a court decision;

c) a decision by state agencies on refusal of registration of an enterprise in connection with law violations specified by laws of the Lithuanian Republic.

The agency making the decision on termination of an enterprise's activities appoints liquidators for the enterprise or obliges the founder of the enterprise to do this. After appointment of a liquidator, the enterprise is given the status of an enterprise in liquidation: bodies of the enterprise are deprived of their powers; the functions of the enterprise body are accomplished by the enterprise liquidator; and the enterprise can make only those transactions that are not contrary to the laws governing the activities of an enterprise in liquidation. An enterprise in liquidation is subject to reregistration.

The procedure and legal consequences of liquidation of an enterprise are also regulated by the Civil Code of the Lithuanian Republic on bankruptcy, other legislative acts, and the founding documents of the enterprise.

Enterprises may be subject to reorganization if they combine into production associations, become part of other enterprises and associations, or break up into several enterprises. The procedure and consequences of reorganization of enterprises are specified by the Civil Code of the Lithuanian Republic, the anti-monopoly law and the Law on Associations of the Lithuanian Republic, other legislative acts, the charter of the enterprise, as well as other founding documents of the enterprise.

The appropriate entries are made in the enterprise registration register after liquidation or reorganization of an enterprise. This is announced in the local and republic press.

Article 24. Branches and Representative Offices of an Enterprise

Enterprises may create their own branches and representative offices. Branches and representative offices of an enterprise operate by proxy of the enterprise.

The procedures for creation and registration of enterprises apply when establishing a branch of an enterprise.

The establishment of representative offices of enterprises is regulated by a special law of the Lithuanian Republic.

Chairman of the Supreme Soviet of the Lithuanian Republic V. Landsbergis, Vilnius, 8 May 1990

Decree on Enactment

*904A0414B Vilnius EKHO LITVY in Russian
22 May 90 p 3*

[Decree of the Supreme Soviet of the Lithuanian Republic: "On Procedure for Enactment of the Law of the Lithuanian Republic on Enterprises"]

[Text] The Supreme Soviet of the Lithuanian Republic decrees:

1. To establish that the Law of the Lithuanian Republic on Enterprises enters into force on 1 July 1990, with the exception of the articles regulating the creation and activities of individual (private) enterprises.

2. To instruct the government of the Lithuanian Republic:

—to prepare by 20 June 1990 and submit to the Supreme Soviet of the Lithuanian Republic the draft laws that must be passed to implement the Law of the Lithuanian Republic on Enterprises;

—to accomplish by 1 October 1990 reregistration of all enterprises that began their economic activities prior to enactment of this law.

3. To establish that during reregistration of cooperatives created before enactment of this law, they are granted the status of an unlimited economic partnership, and physical persons engaging in individual labor activities in the prescribed legislative manner are granted the status of an individual (private) enterprise.

4. To establish that the economic activities of enterprises that are not reregistered are prohibited and involve liability as economic activities of an unregistered enterprise.

Chairman of the Supreme Soviet of the Lithuanian Republic V. Landsbergis, Vilnius, 8 May 1990

Need for Estonian Commercial Bank Explained

*904A0289A Tallinn SOVETSKAYA ESTONIYA
in Russian 11 Mar 90 p 7*

[Article by V. Porfiryev: "A New Commercial Bank Is Being Created"]

[Text] The reform of banking operations has not solved the problems concerned with Estonia's crediting-monetary system. Moreover, under the conditions imposed by the conversion of the Baltic republics over to economic independence, the central administrative organs of the USSR banking system undertook steps aimed at limiting the capabilities of the republic's banks, a fact that has been mentioned on more than one occasion in the press (for example, see the 1 March 1990 issue of SOVETSKAYA ESTONIYA). And still we wish to mention these steps once again.

First of all, since the beginning of the year the Baltic Republic Banks of USSR Vneshekonombank have been deprived of the right to carry out computations on the correspondent accounts of Vneshekonombank or to sign banking documents. In addition, the correspondent accounts of the Estonian Republic Bank of USSR Vneshekonombank in the banks of Finland were closed. Such actions resulted for all practical purposes in a disruption in the carrying out of international computations for trade and non-trade operations, they delayed the carrying out of computations for a period of up to 60 days and they placed such operations under the complete control of the central bank. However, this year the Estonian Republic bank of USSR Vneshekonombank, similar to other territorial bank institutions, was not allocated credit resources in rubles or foreign currencies.

Secondly, the USSR Savings Bank was resubordinated at the beginning of the year and this was in conflict with the Law Governing the Economic Independence of Baltic Republics.

There was one interesting fact—on 4 January 1990 the USSR Council of Ministers handed down a decision, in accordance with which the USSR Savings Bank is considered to have been resubordinated since 1 October 1989, despite the fact that the Law Governing the Economic Independence of Baltic Republics was adopted by the USSR Supreme Soviet on 27 November 1989. Just as in the past, the country's executive organs displayed a scornful attitude towards the laws of the USSR.

Thirdly, commencing 1 March of this year a change was instituted in the system for carrying out intra-union banking operations for the Baltic republics, in accordance with which the Baltic banks must carry out all inter-regional accounts and accounts with other banks throughout the country through the Central Operational Administration of USSR Gosbank. Moreover, the computations within the republic between banks and between economic elements must also be carried out exclusively through the Estonian Republic Bank of USSR Gosbank. Beyond any doubt, the introduction of such a system will delay the carrying out of intra-union computations and result in confusion and disorder. Under the conditions imposed by economic independence for the republic, complete control over banking operations will actually be introduced by USSR Gosbank.

Fourthly, a joint decree of the USSR Council of Ministers and the governments of the Baltic republics dated 7 February 1990 established the fact that USSR Agroprombank and USSR Zhilsotsbank, as of 1 January 1990, were to turn over, for the formation of republic banks, the appropriate portions of the statutory, reserve and other centralized funds of the union banks of Agroprombank and Zhilsotsbank. It would appear that there was cause for joy here. But it was also stated that these banks must turn over to the centralized fund for regulating the credit resources of USSR Gosbank a definite portion of the funds involved, a portion established in conformity with USSR legislation. All commercial banks on the territory of Estonia are covered by a similar statute at the present time.

A question automatically comes to mind—under these conditions, what is the role played by the Bank of Estonia in regulating the republic's credit-monetary mechanism? Why is the law which governs the economic independence of the Baltic republics being violated again and again?

Under these conditions, in order to resolve the vital operational problems of the republic's USSR Vneshekonombank and ensure the return to it of all of the functions of a banking institute, I consider it necessary to

form a new commercial bank, the principal tasks of which could be the following:

- issuing of credits for the principal activity, financing and issuing of credits for capital investments and the organization and carrying out of computations in the national economy;
- the organization and carrying out of international computations concerned with exporting, importing and non-trade operations and also other international computations;
- satisfying the requirements of bank customers for credit resources, attracting monetary funds in Soviet and foreign currencies from Soviet, foreign and international organizations and also from civilians;
- issuing of credits for operations associated with foreign economic activities;
- the organization and carrying out of operations with the available foreign currency and currency values and other currency operations of a non-trade nature.

In the process, the bank must ensure complete credit-account services for the bank's customers.

The bank develops in the form of a joint stock company, the capital of which is formed on the basis of contributions by Soviet and any freely convertible currencies. In order to ensure the bank's financial strength and trust in it by the foreign and international banking and financial institutions, the minimal amount of joint stock capital must reach a sum equivalent to 100 million rubles. Soviet stockholders can pay their portion of the joint stock capital in Soviet or in a freely convertible currency and foreign stockholders—in a freely convertible currency. The minimum amount of shares must be equivalent to 100,000 rubles for legal entities and 5,000 for actual individuals.

For the purpose of creating the commercial bank, its founders, including the Union of International Enterprises of Estonia, will hold a bank meeting for enterprises, organizations, institutes and citizens interested in the formation of this bank. The meeting will be held at 10:00 hours on 29 March 1990 in the hall of the ERSPO [Estonian Republic Union of Consumers' Societies]; the address—Tallinn, Narvskoye Road, 7.

During the first meeting, the participants will become acquainted with the bank's draft regulations, the degree of participation by each of the future stockholders in the bank's capital will be defined, and an organizational committee will be formed for preparing the statutory documents for registration and for making plans for a general meeting of the stockholders to be held not later than 12 April 1990. The bank's administrative organs, which will ensure the registration of the bank and the commencement of its operations on 1 May 1990, must be elected during the general meeting for stockholders.

Ukrainian Defense Industry Official on State of Conversion

90UM0237A Moscow *EKONOMICHESKAYA GAZETA* in Russian No 52, Dec 89 p 4

[Interview with Vasilii Dmitriyevich Kryuchkov, head of the Defense Industry Section of the Ukrainian Communist Party Central Committee, by *EKONOMICHESKAYA GAZETA* special correspondents S. Bik and V. Shloma, Kiev: "In the Bastions of Conversion"]

[Text]

[Correspondents] Tell us, Vasilii Dmitriyevich, is there a single agency directing the conversion in the republic?

[Kryuchkov] No, unfortunately. The USSR Supreme Soviet has not yet adopted a state program for conversion of the defense industry in the republic—nor, apparently, in the nation—and this process is proceeding as a mixture of random and sometimes spontaneous elements. The conversion came into being at a time when a 5-year plan was in effect and annual programs had been established. Add to this the fact that as of this year all enterprises in the defense branches have gone over to economic accountability and self-financing, and you can understand the difficulties which these collectives have to surmount.

Particular responsibility fell upon the party committees of plants and production associations in this situation. It is very important right now for everyone not to dissipate the high-quality labor capability built up over the decades, to define the priorities correctly and organize effective retraining for the workers. It goes without saying that the workers in our section and the defense industry sections of the party obkoms are attempting to exert their party influence upon the course of the conversion through the Communists.

[Correspondents] The idea is developing in public opinion that the "defense people" need only to restructure, and the shortage of goods will begin rapidly disappearing. Such opinions have been expressed also by people's deputies of the USSR. How much basis is there for these attitudes?

[Kryuchkov] Indeed, a trend involving a simplistic approach to the problem can be seen not just in individual speeches and articles in certain newspapers and magazines. In general, the opinion is taking shape that the conversion is a panacea for all our troubles, and if we also sharply reduce the space programs.... This position is in great "vogue" today. This is precisely why, in my opinion, it is important to have a competent opinion and considered assessments, and not unsubstantiated promises.

Now I would like to discuss the problem of the priorities on which the state conversion program must be based.

The first thing one should bear in mind is the fact that such defense industry branches as aviation, space and missiles—and others as well—whose products are comparable and sometimes even superior to corresponding foreign items are capable of competing in the world market not just with modern aircraft and missile systems, but also with the intellectual capability accumulated during their development and production.

The Ruslan aircraft, developed by the Design Bureau imeni O.K. Antonov, for example, is well known throughout the world. Five years ago it was determined that this aircraft surpasses similar Western aircraft in its cargo capacity. Our designers succeeded in developing a package of modeling programs which made it possible to optimize the aircraft's specifications and performance characteristics most effectively. According to Western aircraft builders and scientists, no Western company will be able to build such an aircraft in this century.

The greatest thing which the Design Bureau imeni O.K. Antonov has yet accomplished, however, was to obtain authorization to form the Ruslan commercial transport firm to fill orders from Aeroflot and Western companies. Naturally, with such world-renowned air carriers as the Mriya, Ruslan and the AN-74, advantageous agreements can be concluded. All the more, since advertising came along at the right time. I refer to the unique transport operation of delivering the Buran spacecraft from Baykonur to Kiev and then to France to take part in the international aerospace display at Le Bourget.

Such deals are essential in international relations, of course. But should this trend be considered crucial for effective participation in the conversion program by organizations such as the Design Bureau imeni O.K. Antonov? It seems to me that these jobs would be better left to Aeroflot. The design bureau specialists should do their own job, develop intellectual capability ahead of Western companies and develop a new generation of machines, which will always be in demand and command a considerable price. This route will make it possible to sell expensive, science-intensive products and earn currency with which we can acquire everything needed for the civilian branches and the consumer market.

Moving on, it is possible today to use the capacities freed by reducing the production of military equipment for manufacturing products similar to defense items in their technology. The nation's civil aviation is experiencing a shortage of economical and comfortable passenger liners for medium and long hauls and the fishing fleet needs large and small seiners. This is the direction in which we need to develop the work of the design bureaus and the aviation and ship-building plants. And while producing modern passenger aircraft for ourselves and providing our own airlines with them, we can simultaneously think about exporting the new aircraft abroad. This will reduce the outlays required and make it possible to achieve a return more rapidly.

In addition, we must make maximum use of the technological and material foundation already available in the defense branches of industry. A quite recent example is the display and sales fair held in Moscow in mid-November, where trade organizations sold components of the medium-range missiles being eliminated. Power units for automation and control disappeared literally within hours. This is understandable, because the items are distinguished by original design, good quality, reliability and compactness. A considerable list of such products could be compiled.

An even more pressing matter is the transfer of progressive technology, new materials, computer equipment and software, diagnostic, monitoring and testing equipment to the nation's economy. This is an untouched area of the work, and we are only beginning timidly to turn over the virgin soil. I believe that it would not be a bad idea to place some things onto a planned foundation.

[Correspondents] Behind these examples, Vasilii Dmitriyevich, there is obviously a very complex problem: how to avoid taking a superficial approach to conversion and dissipating that intellectual and production capability which have always distinguished the collectives of the defense industry enterprises. Will we not begin driving nails with an "electronic hammer..."?

[Kryuchkov] That is just the point. And as we answer those questions being raised for us by the national economy today, in my opinion, we must not spread ourselves too thin and expend our efforts on "patching over holes." It is very important "not to scatter" the advanced industrial capability and ultimately lose the specialists and traditions.

I believe that at the current stage the forces of the defense complex should focus on the resolution of those problems which are beyond the capability of other industrial branches. This needs to be done in order to eliminate our export dependency in the area of household electronic and other complex household equipment, medical equipment and equipment for the food industry. Our republic has already developed special programs for specific types of goods—personal computers, tape recorders and color television sets, for example. Inter-branch consortia and associations are being set up to implement them.

The collectives in the defense branches have begun working harder to develop modern, high-quality medical equipment. The Association imeni S.P. Korolev, the Mayak, Monolit and Kvant associations, the Saturn Scientific Research Institute and others have already begun regular production of "artificial kidney" machines, electrocardiological and ultrasonic instruments and pacemakers. A decision was adopted literally the other day to set up the production of disposable hypodermic needles at plants of the USSR Ministry of General Machine Building located in the republic.

The Arsenal [plant] in Kiev has developed a new mirror camera with world-class technical features. Preparations for its mass production are presently underway.

We already have specific proposals for the manufacture of fundamentally new types of "peacetime" products at defense industry enterprises. The designers of missile and space equipment, for example, are vigorously developing wind-driven power units with a capacity of 100 to 1,000 kilowatts. Experimental models are almost completed for testing. The wind-driven power units will not take the place of nuclear-power plants, of course, but as ecologically clean sources of energy they can play a significant role in the Crimea and other regions.

Or take the Tochmash plant at Donetsk. Its team has found itself in an extremely difficult situation because of the drop in special orders. Thanks to the vigorous mobilizing work of the party committee and management, however, it has rapidly set up the production of shut-off devices of stainless steel for the dairy industry and drilling tool joints for the petroleum and gas industry and is setting up the production of small spin dryers for laundering.

I would point out, however, that far from all of the collectives are restructuring so rapidly. It is apparently not easy to get rid of the old mentality of having a permanent and guaranteed client and consumer in the USSR Ministry of Defense. I would cite just one example in this category: the Zavod imeni Malyshev production association at Kharkov. It has an experienced team of workers and a strong design bureau. In general, it has everything it needs to have begun the production of equipment for the agricultural tenant long ago. The mass production of mini-tractors has been discussed for three years but it is not planned to begin producing them until next year. Furthermore, the team of workers there is capable of rapidly developing and placing into production a large number of the small diesel engines so needed in agriculture and even by anyone with a personal plot of land.

[Correspondents] And what is the situation with enterprises of the former Ministry of Machine Building for the Light and Food Industry turned over to the defense industry? This was actually one of the first special projects of the conversion, after all.

[Kryuchkov] As you know, the condition of those plants was simply lamentable. All of them are presently in the stage of technical retooling. A fairly large number of difficulties are involved. The main one is the shortage of construction capacities in many areas of the republic. Things are moving along, however. We have not managed to avoid a certain kind of errors, to be sure. When the Ministry of Machine Building for the Light and Food Industry was broken up, for example, plants performing the same job of producing canning lines, for example, went to different departments of the defense complex. And there was no coordination on the part of the

agroindustrial complex. What was the result? The modernized plants are beginning to produce equipment for the meat and dairy industries, but they have no real concept of how much equipment is needed in the nation and in individual regions.

Another example: Some farms in the Ukraine are already obtaining corn yields of up to 100 quintals per hectare. What kind of combine is needed to harvest this kind of crop? No one can say. I believe that the clients should adopt the operating methodology of the defense branches and work out long-range, scientifically based programs—as is done for the development of new types of military equipment, for example. Things will simply not progress without the necessary forecasting and proper coordination. We shall waste funds and time. In "peacetime" production this is called "marketing," a word no less fashionable than "conversion."

In conclusion, I want to return to the matter with which we began our interview. The republic has a large industrial capability, and I do not believe there is justification for counting on the center to resolve all the issues. In order to resolve all the problems which arise, with flexibility and concern, we need to have a single agency for controlling the conversion process under the Council of Ministers of the Ukraine. It should have its own rights and authority and have direct access to the State Military Industry Commission under the USSR Council of Ministers.

And naturally, we must accelerate the development and adoption of a unified conversion program for the entire nation, with the priorities thoroughly worked out. We need to proceed on the basis of a triune mission: to preserve and develop the scientific and technological level of the defense industry and to maintain the principle of prudent adequacy for the nation's defense capability while reducing the armed forces and actively influencing the civilian branches of industry and the state of the consumer market.

Speedy Decision on Nakhodka Free Trade Zone Status Urged

904A0225A Moscow *RABOCHAYA TRIBUNA*
in Russian 1 Mar 90 p 2

[Article by Nakhodka gorispolkom chairman V. Gnezdilov: "Nakhodka the 'Free City': Why the Beginning of a Foreign Economic Experiment Has Been Dragged Out"]

[Text] The words "free zone" are being heard constantly these days by residents of Nakhodka. Not a single meeting with voters takes place in which one does not hear such caustic questions as "Who is dragging out the beginning of the experiment?" or "What will we get out of it?" The problem is being discussed with interest in assembly halls and buses, in city soviet sessions and kitchens.

Our city, located on the banks of a large and accessible bay, has clear advantages for the business world. The

infrastructure here is relatively well developed, and this is a huge junction for the shipment of goods from countries of the Asian-Pacific region to Europe and back—through Transsiberia. It has the deepest water of any port in the East. And also important is the fact that Nakhodka already has experience with international activities. Close contacts have been established with five twin cities, and consulates from Japan, Vietnam, and the KNDR [People's Democratic Republic of Korea] have been opened here. A Soviet-American company for extracting resources from the sea is operating effectively, and dozens of delegations and thousands of tourists are visiting the city. And we see the idea of a free zone not as a fashionable trend, but as an instrument for raising the quality of life for people in the Far East.

From the beginning we intuitively jumped at the idea. It goes without saying that its strategy goes beyond the boundaries of the city, kray, and even the region. Why, a free economic zone is nothing other than a small market model introduced into our planned economy. I fully agree with scholars who treat the zone as a "magnetic pole for growth": you can bring in any form of international cooperation, create an experimental testing ground for various forms of ownership, and find points of contact between the market and direct regulation.

Fully realizing the dimensions of this undertaking, I will not hide the fact that we first of all thought of ourselves: what would this zone do for the people of the Far East? And we tried to analyze to what degree the proposed experiment, with its notions of territorial khozraschet [economic accountability], the independence of enterprises, and the sovereignty of the soviets, relates to the questions we were occupied with.

Therefore we did not wait for any detailed instructions from the center. Instead we took as our axiom: everything is allowed which has not been forbidden. And the gorispolkom [city executive committee] created a committee on foreign economic ties, headed by one of my deputies. The committee gathers international information and feels the pulse of the process underway. It has become the foundation of the Association for the Development of the Zone, which was created in the city, and which the gorispolkom entered as a full and equal member. I would like to particularly emphasize that the committee does not take a single ruble from the budget (and it includes six members with very high salaries)—it is self-financing. The committee concludes direct agreements with enterprises and organizations and prepares analytical elaborations for them on the most pressing problems of the Asian-Pacific market. This is perhaps the first department of the ispolkom which has fully refused to manage by orders and decrees. Everything is built upon mutually advantageous cooperation with worker collectives.

But if this step was calmly accepted in our city, then the next one aroused contradictory responses. We took 800 thousand rubles from the city budget, and it went not

towards the construction of a hospital, school or apartment building, but into a "brain fund." The gorispolkom signed an agreement with a group of leading scholars from the USSR Academy of Sciences Institute of the USA and Canada on the creation of a conception of the joint venture zone in Nakhodka. Other teams of academics from Moscow joined in on the work as well. I should remark that at the moment the agreements were signed the long-range plans for the zone were highly murky—we were taking a certain risk. But it turned out to be justified. Today we already better understand the organization and structure of the zone as well as the role of the soviets. The city soviet will be able to establish standard tax deductions and payments for foreign and joint ventures. With our share in the Zone Association we will be able to build housing and cultural and communal facilities better and at a faster pace than now. It is of course also important to fill the stores' shelves with modern, high-quality goods, which will be sold on preferential terms.

I personally am convinced that Nakhodka should have embarked on the experiment yesterday. But now we are not even certain that such a decision will be adopted tomorrow, despite the unambiguous statement on the subject by N.I. Ryzhkov at the second Congress of the USSR People's Deputies. The State Commission on Foreign Economic Relations under the USSR Council of Ministers has obliged us to prepare a report on the socio-economic basis of the zone's effectiveness. And this has already been completed. But the situation is such that every day of delay is fraught with negative consequences.

Even today, for example, a disturbing symptom is clearly manifest: a falling interest in us on the part of our overseas partners. The euphoria of the last two years, in which economic feelers were sent out over the Far East, is dying down. The foreigners ask direct questions like, What kind of security capital do you have? What are the conditions for insuring it? Where can we get a quality labor force? What about the convertibility of the ruble? Our emotional maxims about our desire for cooperation begin to irritate our partners. Representatives of the firm Mitsubishi, for example, have already repeatedly suggested, in the characteristically tactful way the Japanese have, that we speed up the decision-making process to a more civilized length of time. We are already wasting one and one-half months in carrying out the most elementary hard-currency transaction, which involved contacting Tokyo via Moscow.

Delays in opening the zone are working against us. Why, in half a year or so we will have to accept the much more stringent conditions of our neighbors. And there is yet another fundamental issue: the report on the zone's socio-economic basis which we are required to submit does not and cannot give an accurate picture. Today we are missing the most important thing—stable claims on foreign capital. Businessmen are waiting for a government decision and are not hurrying to make contacts. But we have no government decision because they are

waiting for precise estimates from us...on the projected efficiency of the experiment.

I understand the complexity of the issue. Under today's economic disequilibrium it is not at all easy to take on additional losses and find the money for development of the zone. But government help will definitely be needed. Probably the most acute conflicts will flare up where the interests of the territory and the authorities meet. The Ministry of the Merchant Marine alone has almost a billion rubles in fixed capital in Nakhodka and of course looks upon the experiment as an encroachment on its interests. And there is a serious moral aspect to the issue. When the quality of life in the free zone rises, it will evoke a predictable response in other rayons of the Far East as well as republics. They will ask themselves, are we any worse than they?

The zone is creating a revolutionary break-through that not only affects our economy—it is also socially explosive. And we must become fully aware of that.

But the dramatic effect of the moment lies in the fact that we cannot enter the Asian-Pacific market using the familiar methods. We had scarcely begun to seriously study the implications of the zone when we immediately encountered the clear insolvency of many of the foreign economic organizations. Ingosstrakh [State Directorate for Insurance of Goods Shipped Abroad] is clearly hesitant to take serious capital into its trusteeship. The apparatus of the plenipotentiary Ministry of Foreign Economic Relations in the Far East has absolutely no interest in our problems. At best it is aware of them. We are not receiving the slightest bit of help from the Palace of Commerce and Industry. And as for the Bank for Foreign Economic Relations, in my view it is simply conducting an anti-governmental policy. For example, a representative of the South Korean firm Hyundai wants to introduce pay for its office in Nakhodka in foreign currency, but they are being forced to pay in rubles. The director of one of the Nakhodka factories is creating a joint venture with Japanese who are prepared to transfer money to their account—but the bank refuses to open one.

I am not a bearer of truth at the highest level of authority. I am only going by my personal experience. And the latter convinces me that we must seek new approaches. As they say, things cannot get any worse, but they are almost sure to improve. I try, but I cannot explain to myself what "higher" interests are preventing us from taking part in the experiment now—immediately. The government should finally make a decisive move. It is time! It is time to begin!

Kazakh Decree Forbidding Product Exports Assailed

904A0239A Moscow *RABOCHAYA TRIBUNA*
in Russian 8 Mar 90 p 1

[Article by G. Belotserkovskiy, correspondent: "A Setback at the Start: That's the Way Temirtau's Metallurgists Regard the Attempt To Limit Their Right"]

[Text] *Since 1 March of the present year all of Kazakhstan's enterprises have been forbidden to ship beyond this republic's borders items produced in excess of the state order for that particular product. Such was the decision of this republic's Supreme Soviet. Violators of this ban will be fined in an amount equal to twice the cost of the item shipped out. It is clear from the text of the decree that it was adopted in order to stabilize operations of the national-economic complex and as a responsive measure against analogous actions by several other union republics.*

But what do the production people themselves think about "stabilization?"

"The effect will be counter-productive. It's like stepping into an abyss." That's what they think at the Karaganda Metallurgical Combine—this republic's largest enterprise.

The Council of the Workers' Collective convened an urgent meeting here. And it demanded the revocation of the Supreme Soviet's decree. O. Soskovets, general director of the KMK [Karaganda Metallurgical Combine] and a USSR people's deputy, sent a deputy's inquiry to the USSR Procurator General in which he protested the decision of this republic's parliament.

But just what is it which does not suit the metallurgists? They exchange part of the above-plan output for food and various other items, including some barter-type deals abroad. This helps, at least to some extent, to stock the local market. Furthermore, problems with regard to paying wages have disappeared. The workers have begun to work with greater motivation inasmuch as they are not only receiving money but also have the opportunity to buy goods with it. After the unsuccessful five-year plans, this combine has begun to work on a more stable basis during the last two years, and it has completed its contractual deliveries by the full 100 percent. The workers who spoke at the STK [Council of the Workers' Collective] session stated that the collective must not be deprived of these few "crumbs" which it had gained and that such a deprivation would cause great indignation among the people.

Moreover, the metallurgists are allowed only five percent of the above-plan output to dispose of as they see fit. The lion's share of the exchange operations are strictly of a production type. They fill a vacuum formed by the Gosnab [State Supply] system, which provides this combine with only about 60 percent of everything it needs. The remainder must be obtained according to the principle "You help me and I'll help you." In exchange

for above-plan metal, the combine receives new equipment as well as raw materials, and modernization proceeds more successfully and rapidly. In short, the foundations of market relations have been laid. To ruin all this means to bring the combine virtually to a standstill, as well as to let down tens and hundreds of workers in closely allied fields who are waiting for metal from this Kazakhstan Magnitka.

"This is the most absurd, anti-perestroika decree of the Supreme Soviet that I can recall," stated S. Drozhzhin from the rostrum. He is the STK chairman, a deputy to this republic's Supreme Soviet, and a senior rolling-press operator. He went on to declare the following: "This is the finale of our parliament's activity. Literally within a month its new body of members will be elected. But meanwhile only 17 of the deputies out of a total of 372 voted against this arbitrary measure; these 17 are mainly economic managers and directors. And no matter how strange it may seem, certain members of the intelligentsia spoke out in favor of 'putting the pressure on these production people.' I myself was not given the floor, no matter how hard I tried to speak out."

The STK members remarked that this republic was attempting not merely to take up the administrative-command "reins," which Moscow had eased up on somewhat, but was even trying to pull them even harder. Enterprises are being deprived of even a partial freedom. Under the aegis of regional cost accounting, the republic wants to once more centralize the economy.

It was also noted that the Supreme Soviet had exceeded the level of its own competence and grossly violated the Law on State Enterprises.

Also speaking from the rostrum was N. Kravtsov, the general director of Karbid, another association located in Temirtau. He stated the following:

"This decree threatens to close us down.

"To be sure, the text of the decree stipulates that the list of the items to be banned for export will be specifically determined by the republic-level government, and that 'the interests of the workers' collectives must be given maximum consideration' in doing this. However, the 'clock has already been started,' and we still have no list. Furthermore, will the KMK and the other industrial giants of this republic be included in it? Their workers have their doubts. Common sense would suggest that, if they are going to leave some enterprises out, they will select the richest and most enterprising ones. But why put a fence around this 'garden'?"

"We would like to believe that common sense will prevail and that the thousands of production ties which have been woven together into a single fabric and which, albeit rather poorly, is holding our economy together, will not be torn asunder."

AGRO-ECONOMICS, POLICY, ORGANIZATION

Effectiveness of Capital Investment Utilization in Agriculture

904B0195A Moscow ZEMLYA I LYUDI in Russian
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[Article by L. Vashchukov, chief of the Administration of Statistics of the Agro-Industrial Complex of the USSR State Committee on Statistics: "Capital Investments in APK: How Are They Utilized?"]

[Text] The country's agro-industrial complex is one of the leading sectors of the economy. It accounts for about 27 percent of the country's national income and 33 percent of the gross national product. A total of 27 percent of the fixed productive capital is concentrated in the complex and 30 percent of the able-bodied population is employed in its sectors. It is well known that agriculture is the basic sector of the APK. It occupies more than 47 percent in the value of gross output of this complex.

During the past 4 years of the current five-year plan the agro-industrial complex as a whole and agriculture in particular have carried out their activity under conditions of rising volumes of capital investments. A total of 259 billion rubles have been invested in the development of the production and social spheres of this complex. This is 38 billion rubles, or 17 percent, more than during 1981-1984. During 4 years of the five-year plan 207 billion rubles have been invested in agriculture. During that time fixed capital worth 195.3 billion rubles has been put into operation in the sector. By the beginning of 1990, when the attained rates of increase in capital were 5 percent, its total value exceeded 512 billion rubles.

In the sector in the last few years there has been a certain reorientation of investments from the commissioning of new projects to the reconstruction and retooling of existing ones, which has led to a reduction in their proportion from 29 percent in 1985 to 26 percent in 1988. However, during the current five-year plan the development of investment tendencies has not created the necessary priority both for the APK as a whole and for agriculture (Table 1).

Table 1

	Capital Investments—Bill. Rubles			
	1976-1980	1981-1985	1986-1990 (plan)	1986-1990 in percent of 1976-1980
Production sphere of national economic sectors	553.2	646.7	796.9	150
Sectors not forming part of the APK	360.9	439.2	586.9	163
Proportion in percent in the national economy	65.2	67.9	73.6	
Agro-industrial complex	192.3	207.5	210.0	109
Proportion in percent in the national economy	34.8	32.1	26.4	
Of the total volume of the APK, agriculture	167.7	179.7	174.8	104
Proportion (in percent in the national economy)	30.3	27.8	21.9	

It can be noted without difficulty that the increase in capital investments in the agro-industrial complex has turned out to be much lower than in other national economic sectors and during the years of the current five-year plan, as compared with 1981-1985, the volume of capital investments in agriculture has even declined.

Basic directions in the utilization of capital investments in agriculture in the last few years have remained basically stable. A total of 37 percent of the capital investments have been utilized for retooling, replacement of obsolete machinery and equipment, and increase in the machine-worker ratio; 21 percent, for reclamation measures and the development of reclaimed land; 10 percent, for the construction of livestock houses; about 3 percent, for the electrification of rural areas; 1 percent, for the establishment of perennial plantings.

In the last few years the existing rates of utilization of capital investments have not ensured the formation of an optimal structure of the fixed productive capital of agricultural enterprises.

For a long time basic volumes of capital investments were allocated primarily for the development of the material and technical base of animal husbandry. In connection with this the value of this sector's capital increased to 178.2 billion rubles. Such a situation enabled agricultural enterprises to have quite a high degree of provision with livestock houses: for cattle, 102 percent; hogs, 112 percent; sheep and goats, 77 percent; poultry, 119 percent. However, these houses were not built in an overall manner and did not have an optimal level of work mechanization. Only 59 percent of the houses were mechanized overall. The built livestock

houses are not utilized fully. For example, as of 1 January 1989 a total of 322 million rooms for livestock were empty, including 10 percent for keeping cattle; 23 percent, hogs; 27 percent, poultry; 5 percent, sheep and goats.

At present the total balance value of livestock structures at kolkhozes, sovkhozes, and interfarm enterprises has reached 88.5 billion rubles (27 percent of the value of productive capital). New projects worth 2.9 billion rubles are put into operation annually. However, the funds invested in the development of these sectors do not give the proper return in connection with the low production efficiency. The rates of growth of the production potential, as before, outstrip the rates of growth of livestock output to a large extent. As a result, during the last 8 years the capital intensiveness of output has increased by 23 percent. The rise in the cost of construction of mechanized farms and complexes and the high rates of rise in prices of technological equipment have become the decisive factor in the indicated tendency. In 1988 the average cost of one room for livestock in cattle houses totaled 943 rubles, or 10 percent more than in 1980, in hog complexes, 428 rubles, or 30 percent more, and in sheepyards, 116 rubles, or 13 percent more.

In plant growing the shortage of capital, without taking into account the replacement of obsolete equipment and depreciated structures, totals almost 80 billion rubles, while provision makes up 66 percent of the normative. With existing reproduction proportions and rates of construction in rural areas the optimal level can be attained here only after 8 to 10 years. In particular, this applies to machinery, equipment, means of transportation, and projects for the repair and storage of machinery and of the set of equipment for the processing of products. At present the provision of kolkhozes and sovkhozes with power and operating machines and equipment makes up 76 percent and with means of transportation, 71 percent, including with trucks, 75 percent.

On the whole, with respect to machinery, equipment, and means of transportation kolkhozes and sovkhozes are short of capital—in terms of the normative—in the amount of 22 billion rubles (25 percent of the need), including on farms of the RSFSR, 10 billion rubles (21.3 percent), of the Ukrainian SSR, 4.4 billion rubles (27.4 percent), of the Kazakh SSR, 3.8 billion rubles (38.7 percent), of the Moldavian SSR, 276 million rubles (18.7 percent), and of the Kirghiz SSR, 390 million rubles (41.1 percent).

With a 21-percent overfulfillment of the plans for the commissioning of structures for the storage of potatoes and fruit and vegetable produce in 1986-1988 the general low level of provision with vegetable storage facilities (71 percent of the need) and with fruit storage facilities (81 percent) persists. This does not ensure a reduction in losses of products, of which the population is short as it is.

The machine system in feed production remains technically imperfect. Its incompleteness has become the main reason for the late and poor-quality procurement of feed, its bad storage, and big losses, which reach 30 to 50 percent, and of carotene, up to 70 percent. The provision with silage and haylage structures does not exceed 82 percent, including capital ones, 78 percent, with hay storage facilities, 44 percent, with storage facilities for grass meal and pelleted and granulated feed mixtures, 76 percent, and with fodder root storage facilities, 19 percent.

Farms are not equipped with warehouses for the storage of chemicals at the rate of 30 percent, which leads to a deterioration in their quality and in the efficiency of their application and to environmental pollution.

Capital investments allocated for the development of the production sphere enable kolkhozes and sovkhozes to increase the equipment with capital and the capital-labor ratio. At the same time, however, this increase does not occur at the same rate everywhere throughout the territory.

In the country's individual regions the provision with capital varies from 57 to 99 percent in relation to normatives. In the Baltic republics there is the highest saturation with capital. The value of capital per 100 hectares of agricultural land has reached 229,000 to 256,000 rubles here, which is 3.8- to 4.2-fold more than the average indicator throughout the country. This is the result of a regular allocation of centralized capital investments within the need. At present this region is almost fully provided with the necessary capital according to the set normatives. In such republics as Latvia, Lithuania, Georgia, and Estonia the provision with capital (value of capital per 100 hectares of agricultural land) in relation to existing normatives is 92 to 99 percent and the capital-labor ratio (value of capital per average worker), 80 to 96 percent.

Belorussia, Russia, the Ukraine, Uzbekistan, and Moldavia have an average level of provision with capital and Armenia, 77 to 90 percent. The level in Kirghizia, Tajikistan, Kazakhstan, Turkmenia, and Azerbaijan is low (provision with capital in relation to the normative is 57 to 72 percent and the capital-labor ratio, 57 to 71 percent).

Agriculture is the most capital intensive sector of the national economy. The investment of funds in this sector is economically effective only if during their utilization in production a set of technological, technical, organizational, and other measures, which accelerate the rates of growth of output and a more economical expenditure of material-technical and labor resources per unit of output, is carried out. These basic requirements have not been taken into account in the practice of planning and distribution of capital investments in the last 20 to 25 years and, as before, the base principle according to the same percent has dominated.

In the agro-industrial complex thus far limited funds have been allocated for the development of rural areas. On the average, on one sovkhoz in recent years 126,000 rubles of state capital investments (49 percent of their total volume) have been utilized.

The low efficiency of the presently conducted new investment policy is largely connected with principles

and methods of planning centralized capital investments remaining from the past, which leads to big contrasts in the provision with capital throughout individual regions. For example, in the Russian Federation the disproportions allowed in the levels of equipment with capital in individual oblasts are being reduced slowly and in a number of oblasts are increasing steadily (Table 2).

Table No 2

Oblasts	(thousand rubles)					
	Equipment With Capital per 100 Hectares of Agricultural Land				Equipment With Capital Below the Level of Leningrad and Moscow Oblasts	
	1970	1980	1988	1988 in percent of 1970	1970	1988
With a high level of equipment with capital						
Leningrad	91.8	293.0	491.9	5.3-fold	-	-
Moscow	78.2	224.9	370.4	4.7-fold	-	-
With a low level of equipment with capital						
Novgorod	23.7	71.1	147	6.2-fold	3.9-3.3	3.3-2.5
Pskov	22.0	63.4	124.4	5.7-fold	4.2-3.6	4.0-3.0
Kalinin	21.1	68.8	113.7	5.4-fold	4.4-3.7	4.3-3.3
Smolensk	22.5	57.7	96.6	4.3-fold	4.1-3.5	5.1-3.8
Bryansk	26.2	71.3	126.6	4.8-fold	3.5-3.0	3.9-2.9
Ivanovo	29.0	94.2	169.6	5.8-fold	3.2-2.7	2.9-2.2
Kaluga	28.2	73.8	125.5	4.4-fold	3.3-2.8	3.9-3.0
Kostroma	23.1	70.8	129.4	5.6-fold	4.0-3.4	3.8-2.9
Ryazan	27.8	66.9	107.6	3.9-fold	3.3-2.8	4.6-3.4
Kirov	18.0	51.3	88.8	4.9-fold	5.1-4.3	5.5-4.2
Yaroslavl	25.5	83.8	154	6.0-fold	3.6-3.1	3.2-2.4

For example, on farms in Moscow and Leningrad oblasts the general level of availability of capital exceeds the normatives. However, here too the shortage of machinery and equipment makes up 4 or 5 percent and of means of transportation, 40 and 23 percent respectively. In the other cited oblasts the disproportions and shortage of the active part of capital vary from 7 to 34 percent.

For the establishment of an optimal structure and level of productive capital on farms in the nonchernozem zone in the very near future it is necessary to invest approximately 45 billion rubles, which will make it possible to bring the equipment with capital up to 230,000 to 260,000 rubles per 100 hectares of land.

Negative tendencies in the renewal of productive capital of agricultural enterprises predominated in 1986-1988. During 3 years capital valued at 35.6 billion rubles was withdrawn (liquidated) and new one worth 71.5 billion rubles, or twice as much, was put into operation. Although the share of capital put into operation as a replacement for disused one throughout agriculture rose

from 24 percent in 1986 to 40 percent in 1987 and 46 percent in 1988, in 1986-1988 the ratio of disused and renewed capital made up only 4.1 and 7.5 percent.

The qualitative renewal of productive capital is ensured by the growth of the share of expenditures on the retooling and reconstruction of existing enterprises.

During the years of the 11th Five-Year Plan 27 percent of the total volume of state capital investments for these purposes was used in agriculture. The proportion of expenditures on reconstruction and retooling in the reproduced structure of capital investments in agriculture did not reach the optimal level. Seventy-two percent of the total investment volume was used for these purposes in the food industry in 1988.

A significant part of technically imperfect and obsolete machinery and equipment, the initial value of which has fully and repeatedly depreciated in the process of production, continues to function at agricultural enterprises. For example, 842,000 tractors (27 percent of the available pool), which were in use 9 years and longer, operated in agriculture as of 1 June 1988. The average age of

a tractor in agriculture is now 5.1 years. On the average, the service life of written off tractors corresponds to 9.5 years.

The slow replacement of obsolete capital (4 percent annually) has led to a growth of the unutilized accumulations from its wear. At the beginning of 1989 the total value of wear of fixed capital in agriculture reached 90 billion rubles, exceeding the 1985 level by 14 percent, with an annual growth of 3.5 billion rubles (3.3 percent). The accumulated funds from the wear exceed the withdrawal of capital 6.5-fold. At the same time, during the years of the 12th Five-Year Plan the wear coefficient remains stable (20 to 21 percent).

The reserve fund (wear value with the exception of the liquidated capital) has increased to 75.8 billion rubles. These resources ensure full financing for the commissioned capital during 2.2 years. The reserve fund in the nonproductive sphere has reached 20 billion rubles and the wear value exceeds the withdrawal of capital 20-fold here.

The rate of turnover of accumulated resources and capital reflects the interaction of a number of factors in the intensification in the sphere of production and circulation, as well as the efficiency of the economic mechanism and orientation of the system of management toward an increase in production efficiency. The tendency toward a slow rate of turnover of fixed capital and material resources still predominates in our agriculture (Table 3).

Table No 3. Rate of Turnover of Fixed and Circulating Capital in 1988

	(annual turnovers)
Fixed capital	0.058
Productive capital for agricultural purposes	0.067
Productive capital for nonagricultural purposes	0.080
Nonproductive fixed capital	0.028
Circulating capital—days	230

A more rapid turnover of this capital—with the same stocks—can make it possible to produce more gross income.

On the whole, the efficiency of capital utilization has improved somewhat. In 1986-1987 in agriculture gross income per 100 rubles of productive and material circulating capital amounted to 18 rubles and in 1988, to 21 rubles. At the same time, it should be kept in mind that the increase in efficiency was due not so much to the improvement in the economic activity of enterprises as to the rise in the level of prices in connection with the abolition of subsidies for machinery and other resources. The length of full recovery of capital plays an important role in the system of indicators of its efficiency. With a profitability level of 57.8 percent in plant growing and of

34.5 percent in animal husbandry (double as compared with 1987) it was lowered from 11 to 7.3 years.

Capital investments allocated for the development of agriculture are effective only if their utilization ensures the introduction of intensive factors—resource saving technologies and high productivity—into production. Nevertheless, the vast capital investments and resources utilized in agriculture in recent years have not created conditions for an efficient functioning of production in connection with the deformed structure of capital and its lack of optimality.

The stable tendency toward a reduction in the capital productivity ratio in agriculture has created a nonobjective opinion of the decrease in the efficiency of utilization of capital in agriculture in general. In many regions in the country the capital productivity ratio, in fact, is declining, but the effect in the utilization of capital with an increase in the final result—profit—under conditions of development of new economic relations in rural areas is rising.

In the country's agricultural enterprises in 1987 profit per 100 rubles of capital increased by 7 percent and in 1988, by 48 percent with a reduction of 5 and 3 percent in the capital productivity ratio respectively.

In 1986-1988, as compared with 1985, a total of 47 rubles of increase in profit per 100 rubles of increase in productive capital were obtained in the country's agricultural enterprises and in 1988, a total of 106 rubles; in the Estonian SSR, on the average, in 3 years every 100 rubles of increase in capital were accompanied only by 3 rubles of increase in profit; in the Uzbek SSR, by 14 rubles. In agricultural enterprises of the Azerbaijan SSR and the Georgian SSR with an investment of substantial capital during those years there was a decrease in the volumes of profit. Profit per 100 rubles of increase in capital declined by 67 and 6 rubles respectively.

As we see, the picture is quite different. Hence there should also be different conclusions.

Economists Discuss Aspects of Draft Land Law

Balance of Authority, Interests

904B0153A Moscow LITERATURNAYA GAZETA in Russian No 6, 7 Feb 90 p 10

[Interview with Vladimir Bashmachnikov, doctor of economic sciences, by Kapitolina Kozhevnikova, LITERATURNAYA GAZETA observer: "Principle of Multiformity"; place and date not given]

[Text]

[Correspondent] Sometimes kolkhoz chairmen and sovkhos directors tell me with annoyance: Anyone who feels like it—poets, artists, or housewives—now talks about land. But this is our—rural—business and not

everyone should poke his nose into it. To be sure, this is a very heated issue. After all, it is the source of people's troubles and tragedies, discord and dissension, but it could be the source of their prosperity if... Ah, Vladimir Fedorovich, how many "ifs?" there are! The draft of the Land Law has now been published. I would like to hear about your attitude toward it.

[Bashmachnikov] On the whole, it nevertheless gives hope for a more sensible use of land than has been the case up to now. It incorporates the multiplicity of alternatives, for which the country's progressive forces have fought for a long time. Let us talk straight: State monopoly of land—after all, it has ruled in our country for many years—has not brought the desired results. There is a shortage of products and gold continues to flow out abroad for grain and vegetable oil, that is, for everything that can be produced in abundance on our blessed one-sixth of the globe. In our country the fertility of soil is declining and its degradation is proceeding rapidly. The administrative command system not only did not raise agriculture, but also did damage to it.

[Correspondent] Who in this respect can change the new Land Law? In our country land is state property. Now it is declared inalienable national property. However, you know very well: We can interpret our laws in all directions. And so, the change of name is not yet a guarantee...

[Bashmachnikov] Since state departments with their complex pyramidal structure did not ensure efficient management on land, I evaluate positively the attitude toward land as property of the whole people. Both the rights and functions of land disposal and the solution of problems concerning its use are now transferred to democratic bodies of the people's government—local soviets. There will be fewer mistakes and less bureaucratic red tape. After all, rural and rayon soviets are closer to real life.

[Correspondent] Vladimir Fedorovich, is this not too optimistic? Judging by the mail of LITERATURNAYA GAZETA, for the time being rural and rayon soviets are full of stiff bureaucrats, who manifest amazing shiftiness: to cut off, not to give, and to deprive. The rural resident does not have confidence in soviets, which have been elected formally for many years.

[Bashmachnikov] Yes, a fundamentally new institution of soviets will have to be established. Otherwise, any law, of course, will be discredited. Today local soviets depend in everything on the leadership and in no way on voters. However, a different situation is coming. Budgets of local soviets will now be formed not above and come not from the common cash box, but from below, through a direct deduction of part of the income tax of organizations operating on a given territory. In rural areas landowner farmers will become the basic suppliers of funds. The better they begin working, the thicker the purse of the rayon soviet will be. The new election system, when voters will also make deputies responsible

for bad roads, bad schools, and the whole bad rural life, is also inspiring. They will no longer be able to refer to the leadership...

[Correspondent] The transition from the concept of "land use" to land possession is a very significant aspect of the new draft of the Land Law. What can you say about this?

[Bashmachnikov] All categories of specialists in agrarian problems argued about this. Jurists persisted for a long time—they wanted to leave the old form of land use. However, it has already compromised itself. The practice of command on the part of departments is historically connected with it. "Possession" is a fundamentally new concept. It will make it possible to change over to a different type of land relations—to ownership. The possessor receives the right to organize his production himself, to be the owner of the produced product and of a significant part of the profit, and to bequeath his plot. But he cannot sell or mortgage it. Most specialists in agrarian problems consider such a restriction correct. Why? Our state does not yet know how to regulate market relations. Land is too serious a commodity and buying and selling it can lead to a wave of speculation.

[Correspondent] The new draft mentions multiformity in agriculture for the first time. Peasants, scientists, and journalists fought for this for a long time. A peaceful coexistence of kolkhozes, sovkhoses, small production cooperatives, peasant farms, and lessees is proposed. It would seem that everyone should welcome this. But no, our farm managers and rayon party workers—of course, not everyone, but there are enough of them—shout: They are dissolving and liquidating [kolkhozes and sovkhoses!] There is the impression that today's farmer is almost close on the heels of the strong farm and pushes it to the precipice. But it is a matter of very fine and weak sprouts, which need protection. Yet they are slighted constantly. You see, they are really reviving a new body of kulaks.

[Bashmachnikov] The very principle of multiformity in agriculture was proclaimed at the March Plenum of the CPSU Central Committee last year. However, everyone waited for the Land Law, which was supposed to place the new declaration on a legal basis and to make it possible to do something in reality. True, opponents of small forms of work on land—of the third sector—have now revived greatly and are attacking this sector with new forces, protecting themselves against a small child. Why such concern? After all, no one openly calls for the liquidation of kolkhozes and sovkhoses anywhere. And so, representatives of large farms do not merely protect themselves, but, in fact, come out against this very multiformity. Obviously, it is not to their liking.

[Correspondent] This is a paradox: The giant is afraid of the small boy...

[Bashmachnikov] Of course, the third sector cannot yet pose economic competition. However, a totally new agrarian system based on the economic freedom of the true master of land, not on the hired worker, is being born. He is independent of the chief—the brigade leader and the chairman. Do you understand? For the managerial staff this is a precedent and a declaration that in time the system of rigid management will begin to crack. They also fear economic competition. Advocates of the kolkhoz and sovkhoz system alone claim that large farms will cope with the food problem if they are granted economic freedom. But what happens, they say, is that independence is given to some kinds of individual farmers. I thought a great deal about this. After all, at one time kolkhozes and sovkhozes were established in order to subordinate them to representatives of state power so that it would be easier for them to manage them and to pump out the produced products.

[Correspondent] Of course, this is very convenient. Was it not because of this that during the period of collectivization not only the prosperous peasant, but anyone who did not want to go to a kolkhoz, was anathematized? My father, who told the authorized agent, who came to him, that he was taking two days to think, was simply put in a cold hut (this happened in winter). Sit, he said, two days there and think. I think that he came out from that hut another person... Of course, he joined the kolkhoz. After all, there was only one alternative—Solovki.

[Bashmachnikov] Today the sovkhoz worker or the kolkhoz member is absolutely indifferent to whether the farm manager has freedom of actions.

[Correspondent] Perhaps the kolkhoz and sovkhoz system has really exhausted itself?

[Bashmachnikov] This is a rigid formulation of the problem and not quite dialectical. Small Western peasant farms and our kolkhozes and sovkhozes are compared often. Such a comparison is totally illegitimate. After all, both in the West and in our country a common process is going on in agro-industrial production, that is, division and cooperation of labor, and complex multistage social and economic systems are being formed. Farmers are at the very foundation of production. They can be compared with our brigades and links. However, ours lose in this comparison. There are more than enough workers in brigades, but they are not interested in the results of labor. They are not masters. Their brain potential is not used. Look at the Swedish or Dutch farmer. How much human dignity he has! He is the master of his life! But as far as the kolkhoz is concerned, I would compare it with an interfarm cooperative or association. Here our own kolkhoz loses: The management system in it is built on bureaucratic administration. But there there is democracy, there the specialist and the manager are the farmer's helpers. When we ask each other the painful and emotionally explosive question—"who will feed the country—the

kolkhoz or the individual farmer?"—it becomes necessary to soberly study the experience of civilized agrarian countries.

[Correspondent] Don't we have experience close to what is happening in the West? Interesting transformations have occurred in Karymskiy Rayon in Chita Oblast.

[Bashmachnikov] Yes, an interesting experiment in the reorganization of sovkhozes into associations of free cooperatives and individual farmers has been conducted in this rayon for three years. In what is this alternative good? Without a major break-up weak farms are reborn into a union of small cooperatives and peasant farms. Every production link has acquired the status of a cooperative. They seemingly take the means of production on credit, or buy them by instalments. They sell products at a purchase or a commodity price. Money from their sale enters their cooperative account in the bank. For the sake of convenience a department of the Agro-Industrial Bank was established instead of the former sovkhoz accounting department. The small cooperative and the farmer do not completely break away from the maternal common farm. After all, the repair base, warehouses, and other facilities are there. A contract for servicing by specialists in different fields is concluded. They help cooperatives and farmers in technology and in the sale of products. But under no circumstances do they command. The very style and system of mutual relations have changed fundamentally. Many cooperatives have already bought up machines and are becoming completely free. A conference was held in Karymskiy Rayon. It adopted a decision to speed up the process of cooperation.

[Correspondent] What economic effect do these small commodity producers have?

[Bashmachnikov] This rayon was one of the most impoverished in Chita Oblast. Therefore, local authorities undertook a bold experiment: It was all the same, there was nowhere to go. The yield of grain crops and the productivity of animal husbandry have now risen significantly. Previously, oblast managers looked at all these innovations with skepticism. Now their attitude has changed, although they do not rush to popularize this experience. They have talked with many peasants—they like it. However, they say that they are afraid to completely change over to the status of free cooperative owners. The situation is not stable: Today there is one thing and tomorrow, another. Then production resources become more expensive and purchase prices are not regulated. Cooperatives are looked at askance. They have to buy everything at a higher price. A certain discrimination exists. This restrains the peasants' enthusiasm, but where they have made up their minds, they work well.

[Correspondent] What do you think, is such a form of transforming a sovkhoz or a kolkhoz into an association of small cooperatives realistic for us?

[Bashmachnikov] I am convinced of this. I was one of the first to express the idea of the advisability of transforming our large farms in such a way. There are two ways of establishing the third sector. Detachment of families or brigades from kolkhozes and sovkhozes and the appearance of several tiny formations side by side is one. This process is already going on slowly. The regeneration of all sovkhoz and kolkhoz subdivisions into independent commodity producers is another way. Both of these alternatives have their pluses and minuses. But this calls for a separate discussion... In any case the first is designed for outstanding and bold enthusiasts, while the second can be more popular. Although there is a danger here. The inertia of the bureaucratic administration is very strong and advanced managers are needed. You yourself know how difficult it is for them to give up the short leash—it is easy to yank someone behind it. I am for transforming many of our kolkhozes and sovkhozes into associations, which would unite cooperatives and farms not through a simple integration (this is a rigid attachment of a small farm to a big one), but would create a free and voluntary union.

[Correspondent] Let us go back to the draft of the Land Law. It designates the right of a peasant family to leave a kolkhoz and to receive a plot of land. Our legislation is taking such a bold step for the first time.

[Bashmachnikov] True. I am afraid that it will be difficult both for individual families and labor collectives to use such a right. The draft law does not designate a mechanism, which would ensure a real departure of a link or a family from the farm and the receipt of a land plot. Very vague stipulations are made. Land is transferred to a family with due regard for the interests of both parties. But how should the interest of a giant and of a tiny farm be taken into consideration? It can happen that rights are proclaimed, but, at the same time, everything will remain as before. The land monopoly of large farms will remain. Individual farmers should not be given only unsuitable land. The degree of efficiency of plot use should be the main criterion. When it is cultivated poorly, the rayon soviet should exercise its right to withdraw land and to transfer it to capable hands. V. A. Tikhonov, VASKhNIL [All-Union Academy of Agricultural Sciences imeni V. I. Lenin] academician, who at one time put forward a formula for renouncing state ownership of land and turning it into the property of the whole people, said: Every kolkhoz member should have his plot and the right either to leave the farm, or to remain in it, as he wishes. I agree with B. A. Tikhonov. Following the formula "land is the property of the whole people" it is necessary to legislatively proclaim the right of every citizen of the country, who has vocational training, not only of the rural worker, to receive land. This is especially important for the uninhabited nonchernozem zone. However, the Land Law should more informatively disclose the rights of soviets concerning land disposal.

[Correspondent] Do you think that the new draft determines ways of overcoming state monopoly in land relations?

[Bashmachnikov] As I have already said at the beginning, a road to democratic methods of disposing land has been mapped out. However, not everything has succeeded. Once in a while the painfully familiar bureaucratic muzzle appears: for example, in the section on land management. It will be carried out only by state bodies. This means that cooperatives and peasant farms become completely dependent on them. The state system should by no means be overcome in everything. All over the world precisely state bodies follow the ecological state of farms and restrain the formation of large land latifundias. We also need all this. However, there are spheres where the state system is not justified. The draft of the Land Law did not manage to take this fully into account. I am very much afraid that a great deal will remain on paper. Therefore, the country's leading economists uphold the following idea: Simultaneously with the adoption of the Land Law the principles of implementation of full land reform should be examined and established. This includes the stocktaking of land, economic evaluation of every field, and establishment of norms for the derivation of income from them.

[Correspondent] It proved to be not at all simple to feed people under our management system. But they must be fed. Ultimately, it is shameful to feel destitute, living on land, which for many centuries gave our grandfathers and great grandfathers everything they needed. Pain and anxiety over land do not lessen... And so, one wants to look ahead with hope for the people's strength and reason!

Undoing Collectivization

904B0153B Moscow LITERATURNAYA GAZETA
in Russian No 6, 7 Feb 90 p 10

[Article by Vasilii Uzun, doctor of economic sciences: "Way Out of the Agrarian Crisis"]

[Text] The draft law "On Ownership in the USSR" and the draft of "Fundamentals of Land Legislation of the USSR and Union Republics" submitted for a nationwide discussion allow diverse forms of ownership of the means of production, but propose that exclusive state ownership of land be preserved. The future farmer can receive it only for use or possession. We are being consoled by the hope that matters will improve as soon as the words "state ownership" in the law are replaced with "property of Soviet citizens," "use for an indefinite period," and "lifetime or collective possession," but I am afraid that peasants will not even notice these nuances in definitions.

In my opinion, the way out of the agrarian crisis is possible only if the diversity of forms of land ownership (state, cooperative, and private) is legalized and the bulk of agricultural land is transferred to those who cultivate it for ownership, not use, possession, or leasing; precisely

to those who cultivate it, that is, peasant farms, kolkhoz members, and sovkhoz workers, not soviets.

This does not rule out the fact that part of the land can be left under the authority of supreme soviets of the USSR and Union republics—land of the state reserve, of reservations, of national and dendrological parks, of botanical gardens, of nonagricultural enterprises of Union and republic subordination, of oblast, city, rayon, and rural soviets of deputies, of urban and rural areas and of nonagricultural enterprises and organizations and free land resources for leasing or sale.

The owner has the right to use land himself, or to sell, mortgage, lease out, exchange, give it as a gift, and bequeath it. The user cannot work on land under the conditions indicated by the owner and is deprived of other powers. Judging by the draft of the Land Law, the owner, that is, the state should grant him somewhat greater independence than now, but all this is only a declaration. If the ban on buying-selling, mortgaging, and exchanging land plots persists, land will remain without a master.

According to the draft law, soviets of people's deputies will be able to lease out land. Owing to this, of course, some improvements in land use are possible. Soviets receiving payments for land for the local budget, undoubtedly, will increase their activity. However, is it really possible to compare a certain revival of economic relations with the alternative when millions of people working on land will become its owners?

Depriving peasants of the right of land ownership can result in a number of abuses. It is permitted to establish peasant farms. However, with the small size of rural families often there will be no one to inherit the farm. Consequently, one must have the possibility of selling the farm. Legally, however, it is permitted to sell only structures, installations, and equipment, but not land.

Let us assume that two farms are located next to each other. One peasant was concerned about increasing the fertility of his plot all his life, while the other was not. The immovable property on both [farms] is the same. Will they be sold for the same price? Common sense suggests that the price will be different, although this is illegal. If controlling bodies begin to insist on the same price, what sense does it make for those who know in advance that they will have to sell farms to increase land fertility? It is well known that right now dacha owners, who have received land free of charge, trade it actively. The same will happen when peasant farms are sold. In order that in several years the slogan "Down With Peasant Farms!" may not become popular as is now the case with respect to cooperatives, it is necessary to search for ways of regulating the processes that are sure to appear.

In the very near future land must be transferred to **kolkhoz members and sovkhoz workers** for ownership even if they do not intend to divide it at the present moment. The right to a land plot of an average size will

make the possibility of a worker leaving a kolkhoz or a sovkhoz with a share of land—in order to organize his peasant farm on this basis—real.

Land is the mother of wealth, but in our country, both according to old and new laws, it is worth nothing. If next year we lose another one million hectares of agricultural land, in statistical reports the country and specific farms will not get poorer by a single ruble. Is this not one of the main reasons for the agrarian crisis, which we are experiencing?

Beginning in 1917 the peasant in our country is only a land user. He is forbidden to mortgage land. No matter how much the user may improve the fertility of a plot and no matter how much capital he may invest in this, he will not become richer. Both bad and good land has the same value—zero.

This deprives the landowner of the basic part of capital, which creates stability in the management of agriculture. He is annually subject to trials of weather, epidemics of pests and diseases, and other elements. It happens that they cut him under the root and knock him off his feet, but he, like a self-righting toy doll, again rises if his property is based on land value. As long as his debt does not exceed the value of land, he has hope to survive. But if land has no price, any poor harvest gives rise to beggars, who knock on every door of state offices with an outstretched hand.

When land is worth nothing, all measures for an economic effect on land users, whose activity leads to a decline in land fertility, are transformed into idle chatter. The kolkhoz or sovkhoz itself does not become poor because of this and, moreover, Soviet bodies cannot present a claim to the user and to apply economic punishment in practice.

Kolkhoz and sovkhoz members, who have become owners of land and of part of other fixed capital belonging to farms, should be given shares certifying their portion of the common possession. This will make all of them think about the common wealth. When a member of a labor collective leaves the farm, he will take the part of land and capital (in kind or money) belonging to him and those that remain in the public farm will lose nothing in the process—their portion will not change.

Life is dynamic, but the submitted draft laws try to regulate it once and for all and to forbid land users from making corrections depending on the changed situation. Thus, kolkhozes and sovkhozes are forbidden to lease out land to outside organizations and citizens. This deprives them of the possibility of promptly increasing or decreasing the area of cultivated land depending on the change in the number of workers. Besides, on a peasant farm there are frequent situations when children leave temporarily for studies or for the army and when parents are no longer fit for work, but children have not yet grown up. It is forbidden to hire workers. It is also forbidden to lease out land. What should be done?

The orientation toward farmers—owners of land and of the means of production—ensures the stability of agriculture in developed countries throughout the world. There the proportion of hired workers—except for the United States and England—does not exceed 4 to 15 percent of the total number of the employed. For example, in the FRG in 1985 there were 6 hired workers per 94 owners.

A wide use of hired workers in rural areas is possible only with noneconomic labor coercion and enslavement of man. We managed to keep our kolkhoz members in rural areas thanks to the ban on the issue of identity cards; now, owing to the limited registration in cities and collection of a payment for every worker invited to the city from enterprises.

The draft of the Land Law makes an attempt to change over from the hired worker to the lessee, who receives land for indefinite or definite use for a fixed payment. Kolkhoz members and sovkhoz workers are permitted to leave farms with land shares. All this is indisputable progress as compared with what was in the previous law. It remains only to clarify the following: Are these measures sufficient to overcome the depression in agriculture and to halt the people's mass departure from rural areas?

Leasing is very widespread in a number of countries with highly successful agriculture (the United States and Denmark). More than 40 percent of the land is cultivated by lessees. This also includes the leasing out by an aging father of part of the land to an adult son and the leasing by a farmer of additional areas from a neighbor. There are also pure lessees. Usually, these are young people who do not have their own land. It cannot be asserted that they form the basic or even significant part of the farmers. However, they too are not analogs of our future lessees, because they are kept in rural areas by the dream to accumulate funds, to buy out land, or to acquire it elsewhere, which will be impossible for ours.

The main reason for lessees' migration is their unstable position. They are completely in the hands of the owner—in our case, the state—which establishes the rent and changes it at its discretion. It can impose on the lessee, as was the case more than once, such payments in kind that nothing will be left for the peasant even for subsistence.

Ownership is a magnet keeping the peasant on land. The attractive force of leasing is smaller. The owner confidently prepares a successor for himself, training his heir all his life. The lessee does this less confidently and the farm laborer, kolkhoz member, and sovkhoz worker do not know what they themselves will do tomorrow, not to mention the next generations. Continuity is violated and experience is not accumulated.

Yes, the transfer of land for ownership and the permission to buy and sell it can also result in a number of negative phenomena. There is a danger that shady economy operators will buy up vast tracts of land,

speculation in them will begin, and a new type of unearned income will appear—owing to land leasing the exploitation of someone else's labor in agriculture will become possible.

In order to prevent possible abuses, the law must determine measures for limiting owners' rights, envisage the need for the fulfillment of the basic part of work by the family's forces, and, if this condition is not observed, deprive them of the right to land through a court.

The process of transferring land for ownership in every republic and even oblast should occur with due regard for regional characteristics, which will be reflected in republic land laws. Under conditions of the acute surplus of labor resources per-capita land distribution is not ruled out and in regions with large areas of fallow land it is possible to allocate to every family as much land as it can cultivate.

Along with experienced specialists people who have no skills in the management of agricultural production, including city dwellers, will want to receive land. For them it is necessary to establish a test (training) period of 5 to 10 years and, if they withstand it, they will be able to become owners with full rights.

The law must also stipulate the actions of bodies of Soviet power concerning the regulation of land deals (buying and selling, bequeathing, giving it as a gift, leasing, and exchanging it and so forth) and taxing the income from them.

The transfer of land to those who cultivate it for ownership will meet with serious resistance on the part of many citizens of our country. From the nursery it was instilled in all of us that the abolition of private land ownership was the greatest blessing. It is not easy, including for deputies of the USSR Supreme Soviet, to give up this firmly established view. Today, however, we are revising the views of socialism and are rejecting a number of dogmas. Let us also soberly glance at land ownership problems. Why no one in the world (except Mongolia) has repeated our experience and realized the foresight of the classics about the nationalization of all land?

In Japan in the course of the 1946-1950 agrarian reform the state bought out land from landowners. However, state farms were not established on it and land was sold to peasants for symbolic pay. This was an illogical, from our point of view, act of breaking up farms into smaller units. The number of farms in the country doubled. And so, all agrarian reforms in developed countries in the 20th century led to a break up of land holdings into smaller units and increase in the number of masters on land. Only the USSR, implementing collectivization on the basis of land expropriation, followed an opposite direction.

Yes, we fulfilled the peasants' mandates of 1917. However, could the peasant congress not have been mistaken? Let us recall the mandate: "All land—state, imperial estate, cabinet, monastery, church, session,

primogeniture, privately owned, public, and peasant land and so forth—is alienated without compensation..." (my stress—V. U.). Could peasants have known then in what this very alienation would result and what the consequences of its placement at the disposal of the party and state apparatus would be?

It should also be remembered that the Second Congress of Soviets gave peasant mandates the force of law temporarily, until the convocation of the nationwide constituent assembly. As is well known, it was not fated to discuss this matter and the USSR Supreme Soviet of previous convocations only stamped the laws proposed by the administrative system. The present Supreme Soviet has finally engaged in law creation. It must examine the old mandates and, above all, reflect the diversity of views and wishes in the new Land Law.

REGIONAL DEVELOPMENT

Regional Views on Kolkhoz's Continuing Role

Commentary on Chayanov's Views

904B0214A Sverdlovsk URALSKIYE NIVY in Russian
No 3, Mar 90 pp 46-47

[Article by A. Usov, graduate student, Institute of History and Archeology of the Ural Department of the USSR Academy of Sciences: "Collectivization or Cooperation?"]

[Text] For 60 years Soviet economic and historical literature with enviable constancy and unambiguity has been talking about kolkhozes as a higher, model organization of agricultural production. All other forms of cooperation on land are considered only stages and distinctive transitional steps on the road to the establishment of large collective farms.

In what does the kolkhoz differ from the individual peasant farm? If property relations are not compared, kolkhozes are only larger agricultural enterprises closer in the scale of their activity to prerevolutionary landowner farms.

Of course, direct analogies between the kolkhoz and the landowner farmstead cannot be drawn. However, the same principle of "horizontal" production concentration is the basis for the formation of these economic models. Hence the logical conclusion that the idea of collectivization as a spatial merging of small land holdings is opposed to the theory of "vertical" cooperation of peasant farms.

It would be naive to assume that during the second half of the 1920's even the largest kolkhoz could replace, for example, Maslosoyuz with its multimillion capital and hundreds of thousands of high-commodity dairy supplier farms. Therefore, the problem of some integration on kolkhozes of all types of vertical concentration of production built on a cooperative basis did not even

arise for Chayanov. He wrote: "Even in case of complete collectivization purchase, processing, and sale should be organized as before." Simply, instead of individual peasant farms, appropriate kolkhozes should become members of the largest cooperative firms (Maslosoyuz, Koopkhleb, Lhotsentr, and so forth).

As is well known, mass collectivization followed a different path, which ruled out the possibility of efficiently combining "horizontal" concentration of land holdings with "vertical" cooperation of peasant farm sectors.

The idea that mass collectivization represented the concluding stage in the implementation of Lenin's cooperative plans became firmly established in Soviet historical science. Meanwhile, the article "On Cooperation," which is considered the theoretical foundation of this "plan," does not even mention collectivization. Generations of students, when preparing themselves for seminars on the history of the CPSU, wasted a great deal of time and effort on attempts to connect the basic ideas of Lenin's work with textbook pages relating the events of 1929. Moreover, if to view collectivization from the standpoint of the social and economic results of this historical act, it rejected many features characteristic of the cooperative movement.

According to classic "Rochdale principles," the cooperative is the only owner and manager of the products produced by its members. If the kolkhoz represents a cooperative enterprise, its entire field and farm output should be the collective's property and be sold at its discretion. Most probably, the directors of mass collectivization understood this. Not for nothing did an ukase legalizing the confiscation of grain from peasants appear on 7 August 1932. According to this ukase, kolkhoz property, in fact, was equated with state property and was subject to centralized regulation and ruling. Soon it will be 60 years from the time agricultural products produced on kolkhozes began to be sold in accordance with the principle of directive planning and on the basis of procurement prices set by the state.

However, if this is the case and kolkhoz members cannot dispose of the surplus product of their labor, their collective right to land is an empty declaration. In this case the kolkhoz itself is a state or, more accurately, governmentalized, not cooperative, enterprise. At the same time, kolkhoz members are hired workers rather than cooperative members. At least "Rochdale principles" clearly determine that a person leaving a cooperative must receive his share back, not counting the share of the profit based on the results of the economic year due to him. Millions of kolkhoz members, who have been leaving their farms during 6 decades, have hardly ever heard about this.

With regard to the system of "vertical" production concentration certain cooperative enterprises and associations for the procurement, processing, and sale of agricultural products were also abolished by 1932. Their capital, staffs, and functions were transferred to various

kinds of state organizations. At the same time, the system of financing and crediting agriculture is monopolized. As a result, the state fully dominates the relations of kolkhozes with the market.

Thus, during the implementation of the agrarian policy of the All-Union Communist Party (of Bolsheviks) the worst variant of agricultural production organization was obtained. Under it a worker disinterested in the result of his labor and detached from the means of production is at the foundation of the economic model and a vast bureaucratic apparatus, which carries out total accounting and control, at the same time producing nothing, is at the top.

It would seem that in such a case it is sufficient to cry "eureka!" and to replace the governmentalized system of agricultural production with the cooperative system—and the path to the former abundance of the Russian table is open. After all, the economic experience of Czechoslovakia and the GDR confirms the substantiation of this point of view. It seems, however, that this is a compromise and, from the economic point of view, not quite successful solution.

At the same time, the essence of A. V. Chayanov's theory of differentiated optimums, easily giving preference to kolkhozes as compared with individual peasant farms, should not be forgotten. The question of what type of economic organization on land should be the basis for the formation of agrarian policy has given rise to many disputes reflected not only on the pages of publicist, but also scientific, literature. This is quite natural. No wonder it is said that, if the multiplication table had infringed upon someone's interests, it would have been subjected to argued attacks a long time ago. But in this case the interests of both the numerous managerial apparatus and of scientists, who demonstrate the historical need for and inviolability of the kolkhoz system, are infringed upon.

Nevertheless, it is necessary to approach the problem without emotions and ideological wishes, comparing the economic strength of various types of farms in accordance with A. V. Chayanov's method. Only then will the problem lose its fundamental formulation and be reduced to a simple quantitative comparison.

Since modern agricultural cooperatives and private farms are still in their embryonic state, there is reason to turn to the experience of the 1920's, when labor peasant farms and kolkhozes coexisted simultaneously in the agrarian sector.

As a rule, to demonstrate the advantages of collective farms, such a thesis as the yield of grain crops is examined. In 1929 from the tribune of the 10th Ural Oblast Party Conference it was announced that in 1927 the wheat harvest on Ural's kolkhozes was 25 percent higher than on individual farms, in 1928, 14 percent, and in 1929, 40 percent. From the point of view of the "production volume" the priority of collective farms over individual farms is indisputable. However,

kolkhozes are compared not with peasant households equal to them in the level of equipment with the basic means of production, but with their totality—from prosperous to poor ones. Meanwhile, the first kolkhozes, especially farming communes, in terms of the level of provision with complex agricultural equipment and implements are not comparable not only with the bulk of the peasant farms, but even with kolkhozes of the mass collectivization period.

Other indicators can be used for comparison. The marketability of grain products on Ural kolkhozes during that period did not rise above 27 percent. At the same time, according to F. Kazanskiy's data, in the central and southern Trans-Ural Area in groups with a sown area of 8 to 10 desyatinas per farm this indicator reached 44 percent in 1926 and 50 percent in 1927-1928. With regard to groups with a sown area of 17 desyatinas and more their marketability reached 70 percent during some years.

One should also look at such a universal indicator as expenditures per unit of output. As long ago as 1921 N. N. Sukhanov, a well-known Russian scientist and public figure, who often was Lenin's opponent, wrote the following: "The form of management that makes it possible to attain the biggest amount of economic benefit with the lowest expenditures is more perfect." Accordingly, on kolkhozes, owing to the existence of a number of general economic and nonproductive expenditures, the production cost of grain was 1.5- to 2-fold higher than on individual farms.

Of course, an unequivocal conclusion on the absolute unsuitability of collective forms of agricultural production organization should not be drawn on the basis of this comparison. In this situation, A. V. Chayanov's point of view would be more acceptable. He believed that, on the whole, such forms are possible and can give a high quantitative effect "where simple forms of labor organization, which easily lend themselves to mechanization, automaticity of most operations, and the possibility of creating a vast quantitative expression of the effect of consolidation exist—precisely in grain regions." Therefore, he stressed: "For us there is no doubt that, organizing sovkhoses of the grain trust into kolkhozes of the Digora and Yelani type, we have really embarked on this path and it is the general and only line of our agrarian development."

At the same time, Aleksandr Vasilyevich clearly separated kolkhozes and other types of agricultural enterprises. Engaging in polemics from the point of view that the same forms of production organization as on large farms based on hired labor are fully applicable on kolkhozes, he wrote: "However, this point of view is erroneous to a sufficient degree, because the social nature of the kolkhoz, mainly in the area of organization of its labor, requires a big deviation from the usual type of construction of large enterprises."

What did he have in mind? Latifundia, which are characteristic of the agriculture of a number of Western countries, usually have a small number of permanent workers, but enlist cheap manpower, which is twice or even three times as numerous, not only from the nearest regions, but at times also from other countries (for example, Mexicans in the southern states of the United States), for the performance of large-scale and labor intensive agricultural jobs during the year. Peaks of tension are calculated in advance and are consciously constructed in such a way as not to coincide with similar periods on private farms. Thereby, if desired, free farmhands can also be bought at a lower price. Of course, A. V. Chayanov did not imagine that it was possible to apply such methods on kolkhozes conceived as a voluntary association of peasants with optimal sown areas and an efficient combination of sectors.

True, at the same time, he admitted that without the enlistment of hired manpower "it was very difficult to organize an efficient economic process" on the kolkhoz. In Chayanov's opinion, the main complexity lay in the fact that the "working nucleus of the kolkhoz can expand the farm only on the scale on which it can cope with it during the critical period of harvesting or plowing." This circumstance, inevitably, should have doomed kolkhoz members to distinctive unemployment during any other time of the year. The way out was seen in a transition to a big diversity of crops, which had different ripening periods, and in other forms of production diversification.

The system of agricultural enterprises—kolkhozes and sovkhoses—existing in the USSR in the forms of organization of production processes proved to be closer to latifundia than to cooperatives of the Chayanov type. At the same time, with the fundamental impossibility of hiring cheap manpower periodically our system found the simplest way out, annually enlisting millions of workmen from cities as so-called "patronage help." As a rule, the patrons themselves pay for the fantastic costs, which inevitably arise when agricultural campaigns are conducted in such a way.

It remains only to be hoped that fundamental economic reform, which is unfolding before our very eyes, will be crowned with success and our economy will change over to normal commodity money relationships with an efficient regulating role of the state. This will signify a diversity of forms of property, freedom of choice of management forms, and many other things. Accordingly, the model of agricultural production organization appears in the form of a developed cooperative system, into which big farming cooperatives and individual family-type farms, which have demonstrated their soundness, will enter with the rights of equal members. Another thing is impossible, because civilization has not found other, more effective, forms of organization of the farmer's labor. Besides, is it not all the same, on whose fields—kolkhoz or individual farm fields—grain is grown? As long as there is much of it.

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Belorussian Leader on Variety of Forms

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25 Apr 90 p 2

[Article by A. Chernyavskiy, deputy chairman of the Belorussian SSR Kolkhoz Council: "Both 'Mine' and 'Yours'"]

[Text] "The use of any forms of property should rule out the worker's alienation from the means of production and exploitation of man by man."

The Law "on Property in the USSR" of the Union of Soviet Socialist Republics. Article 6.

As is well known, kolkhozes occupy a leading place in the republic's agricultural production. A total of 64 percent of the rural workers work on them and 59 percent of the land, including 58 percent of the arable land, is assigned to them. Last year they produced 66 percent of the total quantity of grain in the republic, 33 percent, of potatoes, 66 percent, of flax fiber, 88 percent, of sugar beets, and 56 percent, of milk and sold 56 percent of all the livestock and poultry.

In brief, the provision of the republic's population with food depends to a decisive degree on how kolkhozes operate and how they utilize the available production potential and labor resources.

An analysis of the economic activity of kolkhozes shows that today it is necessary to search for a production management system, which would fundamentally change the worker's attitude toward work, primarily toward the utilization of available resources. The equipment of kolkhozes with them increases annually, but the return on their utilization is low. And here the following question arises with all its acuteness: How to change people's attitude toward collective property and, in practice, make them owners of the means of production?

Not by chance was this question discussed at the recent meeting of the Belorussian SSR Kolkhoz Council. It was considered advisable to generalize the existing practice of applying paragraph 2 of article 36 of the USSR Law on Cooperatives in the USSR and paragraph 14 of the Model Kolkhoz Charter concerning the entry of part of the fixed productive capital in the share fund of kolkhoz members. A special commission was established for the performance of this work.

After all, as long-term practice shows, the economic, legal, and psychological separation of kolkhoz members from the basic means of production does not make it possible to carefully and highly efficiently use fixed and circulating capital, in particular agricultural machinery and equipment, productive livestock, fertilizers, and so forth. Therefore, it is very important to change the kolkhoz member's attitude toward collective property, to make him, in practice, the owner of the means of

production, and to connect his interests with the development of the collective and the farm as a whole.

Article 14 of the Model Kolkhoz Charter in accordance with the decision of the general meeting provides for the enlistment of the monetary and property contributions of members of kolkhozes, enterprises, and organizations, distribution of part of the income or products in proportion to the amounts of these contributions, and entry in a special account—the share fund of kolkhoz members—of part of the annual value of increase in fixed productive capital newly created from their own capital. The capital of this fund can be distributed among kolkhoz members and entered in their personal accounts in proportion to the specific labor contribution. Interest on this capital, whose rate is determined by the general meeting of kolkhoz members, can be annually computed from gross income. The income received by kolkhoz members in the form of interest is accumulated in their personal accounts and can be used at the discretion of the kolkhoz members themselves. The procedure of formation and use of the share fund is determined by the statute on its formation.

For now, however, kolkhozes are still a link of a well developed system for pumping products out of rural areas. In the fight for independence kolkhozes virtually have no one to lean on. The peasant protected by law, who, for all practical purposes, is now a hired worker, does not prop them up "from below." But without an independent peasant there will be no independence for the kolkhoz—a truly cooperative association of peasants.

Many kolkhozes, having linked the wages of kolkhoz members with the results of labor, advanced only a tiny bit along the path of overcoming the alienation of the kolkhoz member from collective property. He became more assiduous in management. Nevertheless, he considers neither the land, which he cultivates, nor the equipment, on which he works, nor the herd, which he services, completely his own.

Now it is obvious that a diversity of forms of property and their equality and healthy competition are needed. This should become the economic basis for the kolkhoz member's freedom and for his real choice of the methods and forms of applying his abilities. After all, the main meaning of perestroika (for the sake of which, in fact, it was undertaken) lies in freeing labor from administrative and other fetters and in making it free. And this means socialist in the true sense of this word. There are already such examples. Let us say, on the Kolkhoz imeni Gastello in Minskiy Rayon in accordance with the decision of the general meeting a share fund of kolkhoz members was established. It was determined in the amount of 5.684 million rubles, or 35 percent of the value of the farm's available indivisible funds as of the beginning of 1989.

For individual persons this fund was distributed depending on a person's real contribution to the fund's creation. This was done as follows: Average annual

wages with bonuses and additional payments of every kolkhoz member with a length of service of 15 years and more during the last 3 years were determined. The kolkhoz's average annual wage fund calculated in such a way totaled 1.291 million rubles. On the kolkhoz, on the average, every calculated ruble of wages accounted for 4 rubles 40 kopecks of the value of fixed capital entered in the share fund of kolkhoz members (5.684 million rubles: 1.291 million rubles = 4 rubles 40 kopecks). The share fund (share) of a specific kolkhoz member was determined by multiplying his average annual wages in the last 3 years by this amount.

Every kolkhoz member received checks financing his portion in the indivisible funds, or his share. The amount per ruble of the share fund is established by dividing the profit subject to distribution by the amount of the indivisible fund. And when this is known, it is very simple to calculate how much is due to every kolkhoz member separately in his share fund.

When kolkhoz members are called up for the army, sent to study, or go on a statutory leave, the amount of the share fund is kept for them. According to the farm's annual work results dividends are added to this share fund, which the kolkhoz member can receive when he returns to the kolkhoz after his army service, his studies, and end of his statutory leave. A similar procedure is reserved for kolkhoz members who go to work in their elected posts.

In accordance with its decision the general meeting can also give nothing to a member expelled from the kolkhoz for improper actions. This is the will of the collective of cooperative member owners, which kolkhoz members have become in this case.

The amount of interest payments into the share fund of kolkhoz members is not established in advance. It is determined annually during the distribution of net income after all farm expenditures are covered according to the residual principle. During some unfavorable years dividends may not be paid to shareholder kolkhoz members and the entire amount of net monetary income will be assigned for covering losses.

The pensioner kolkhoz member, who continues to work on the kolkhoz, retains the right to his share fund and to receive dividends according to annual work results. When he stops working on the kolkhoz, a monthly addition to his pension is established for him. A monthly addition of 50 rubles to a pension is established for the person who has worked for more than 30 years, of 30 rubles, 21 to 30 years, of 20 rubles, 15 to 20 years, and of 15 rubles, from 5 to 15 years.

The payment of dividends to kolkhoz members is made once a year after the approval of the annual report. Workers in all kolkhoz production sectors, except for the administrative and managerial personnel and all specialists, receive 100 percent of the amount of accrued

dividends and specialists and the administrative and managerial personnel, 80 percent of the accrued amount of dividends.

The amount of paid dividends is not included in the wage fund and in the production cost of agricultural products and is not taken into account when pensions are computed for kolkhoz members. The amount of the share fund is not excluded from the indivisible fund in fixed capital. Every shareholder kolkhoz member has in his hands a document confirming the amount of the share fund in the kolkhoz's fixed capital and a personal account on the farm.

In case of a kolkhoz member's death on the job or his natural death his share fund remains and his children receive the due dividends until their full legal age.

When fixed capital (structures, equipment, work and productive livestock, and so forth) are put out of commission, the kolkhoz member or kolkhoz members make up for losses from their own share fund in the amount equal to the balance value of the fixed capital put out of commission.

Thus, for the first time during the farm's entire history every kolkhoz member, in practice, became a truly interested coowner of the farm's indivisible funds. But how much funds to have and their amount for every member—now this is not a faceless figure, but his property, which gives a certain income annually. In case of a reduction in the value of fixed productive capital the share fund of kolkhoz members declines respectively.

Therefore, equipment rusting under the open sky will not be seen now. Kolkhoz members watch over the state of production structures as over their own homes. Previously, to write off an old stockyard or some machine was a child's play. At the general meeting people voted mechanically, without giving thought to this. Now one must be able to prove that writing off is advisable. Pensioners, who even a year ago did not go to meetings, often appear as opponents. This proprietary feeling has been awakened in people by the fundamental changes in property relations. I say awakened, because we do not yet know all the aspects and capabilities of the kolkhoz member owner. I believe, however, that they are truly unlimited here.

An expanded field of activity of various labor property forms—portion, share, and joint-stock forms—promotes the growth of output. The chief thing is that there be no alienation of the worker from the means of production and exploitation of man by man. Man must appropriate the result of his labor—without this he will not be the master. Without the right to dispose of the results of one's labor there is no and, in principle, there can be no high return. When there is nothing to lose except wages, man turns into a timeserver free of thoughts about true freedom and sometimes even of elementary obligations to society. On the other hand, honestly acquired property gives him a sense of independence, self-respect, and social protection.

In other words, kolkhoz wealth should become family and inherited, not only personal, wealth. Consequently, everyone is interested in its preservation and augmentation, in an increase in the amount of deductions from profit, and in the profit itself. After all, both are augmented only by labor, practical savvy, and a conscientious attitude toward work. All of us must seriously learn precisely this.

Kazakh SSR First Secretary on Agricultural Policy, Implementation

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[Speech by N. A. Nazarbayev, First Secretary of the Kazakh CP Central Committee: "On Urgent Measures to Implement the Modern CPSU Agricultural Policy in the Republic"]

[Text] Comrades!

The last time we met as a group like this was to mark the 30th anniversary of the assimilation of the virgin lands. This was six years ago, at the very end of the stagnant period. Probably many of you remember the characteristic features of that pompous-ostentatious celebration when it was not customary to skimp on victory reports and careless assurances, when the shower of awards literally overshadowed vision and when it occurred to few to honestly speak about the real, not at all consoling situation that had developed at the time within the republic's agroindustrial complex.

The years of perestroika have taught us a great deal, including the necessity of assessing the situation soberly. And if today the entire gamut of our agricultural sector has gathered in this hall—directors and specialists of enterprises, leasees, and party and soviet workers, the activities of whom are directly related to solving the difficult problems of the village—it is not at all for celebration and glorification but to assess, in a business-like and self-critical atmosphere, the course of perestroika within the agroindustrial complex and to develop a constructive approach to the implementation of urgent tasks.

I will say at the outset that the speech will not deal exclusively with agricultural matters—for this we could have had a meeting within the framework of Gosagroprom [State Agroindustrial Committee]. The bureau of the Kazakh CP Central Committee felt it necessary to organize a real meeting first and foremost because a genuine need has developed to have an open, in the full sense of this word, political discussion with village communists who make up one of the largest components of the republic party organization and who consequently are capable of having considerable influence on its role in public life and of demonstrating ideological-political authority.

Today, when a turbulent democratization of intra-party life has begun, and when the February 1990 Plenum of

the CPSU Central Committee, on the basis of the most incisive critical analysis of all restructuring processes and new political orientation points, has developed a draft for an innovative party central committee platform, the effective participation of each communist without exception in revitalizing the CPSU and socialist society is especially important.

Moreover, the fulfillment of the Food Program itself also goes far beyond the realm of purely economic tasks. This fundamental program is being actualized more and more and is acquiring a clearly expressed political voice under difficult and sometimes dramatic conditions related to the confirmation of perestroika principles. In the final analysis, whether we want it or not, in the eyes of the people the presence or absence of food products on store shelves is becoming one of the main indicators of our ability to achieve positive changes within the social sphere of public life, and an objective attestation of success or failure of the revolutionary transformations that are taking place in the country now. This is how urgent and uncompromising the food problem is today.

In connection with this I ask you to look at our meeting not only from a narrow professional point of view, but also within the broad context of the conglomerate of party and political problems that have arisen in recent years, the solution to which will determine the fate of the Soviet people and the future of the party and perestroika.

First of all I would like to provide an objective, principled assessment of complex and intricate processes that are occurring now within the republic's agroindustrial complex and in the country as a whole. There is no doubt that we are witnesses to and participants in one of the greatest moments of change in peasant life during the last ten years, the results of which can and should be a powerful breakthrough to modern, highly effective agricultural production based on the revitalized traditions of genuine business-like, assiduous and I would say highly moral attitudes toward the land that is our breadbasket.

Many years of hope and expectations by village residents are beginning to acquire realistic features, are being manifested in new laws which, although with difficulty and with contradictions, are making a path for themselves despite the opposition of the obsolete economic mechanism. Before our very eyes we are seeing the dissolution of customary production-economic relations and the confirmation of new, progressive approaches to planning, price formation, financing, and to the very essence of peasant labor, which is striving to gain liberation from the command-administrative yoke which is contradictory to common sense.

These processes became possible thanks to the decisions of the March 1989 Plenum of the CPSU Central Committee, which clearly and precisely formulated the contemporary concepts for the development of the agroindustrial complex aimed at a radical turn in agricultural

policy, thorough changes in the village, and the large-scale political and economic transformations that are in the vital interests of the Soviet people. Figuratively speaking, we have stopped counting the tractor and have turned to man, to his place and role in production-economic relations in the village. For the first time there has been a critical interpretation of these relations and a clear conclusion has been reached: without a radical transformation of the situation of the peasant in society we cannot count on a successful solution to the food problem.

To concisely summarize the main points of the March plenum, first it came out decisively in support of improving socialist production relations in the village, of providing peasants with extensive opportunities for demonstrating independence, enterprise and initiative, and for a decisive elimination of alienation of village workers from the means of production and the results of their work. Moreover, the full right of various forms of property and of the methods of managing an enterprise based on these were recognized.

Secondly, the question of changing economic relations in the village, about the sequential transition of kolkhozes, sovkhoses and other enterprises within the agroindustrial complex to the principles of cost accounting and self-financing, about the establishment of a just equivalent exchange of products from the agricultural sector and other branches of the national economy was posed based on principle.

Thirdly, radical changes in the system of managing the agroindustrial complex and in eliminating the administrative management of agriculture that had developed over decades has been planned. The plenum recognized that without political reform resulting in the direct participation of people in practical decision-making at all levels without exception the food problem could not be solved.

Fourthly, the need to further develop the material-technical and scientific base of the APK [Agroindustrial Complex], to radically modernize the entire processing industry and to improve the system of preserving agricultural products was especially emphasized.

Fifthly and finally, the plenum called the genuine revitalization of the village, in which the peasant and peasant labor would occupy a worthy and rightful place in society, the central point of the current agricultural policy. As M. S. Gorbachev said, this is not only an important socio-economic task but also our moral duty.

In summarizing the basic aspects of the program that has been proposed by the party we can say with every assurance that it fully corresponds to the revolutionary level of perestroika and opens up before us real possibilities for sharply improving the food situation and for rejuvenating the peasant as the true manager of the land.

However, let us not fall into euphoria, as frequently happened before. If anyone should, we should know that

no decisions, even the most correct, yield anything by themselves if practical action does not follow. In connection with this I would like to discuss certain points that characterize today's situation within the republic's agroindustrial complex.

At first glance the situation is cause for some optimism. Judge for yourselves. By concentrating investments in priority directions, on measures directed at improving the economic mechanism and by more persistently assimilating scientifically-based systems of farming and livestock raising it has been possible to develop a tendency toward increasing agricultural production output. In comparison with the average annual level of the 11th Five-Year Plan grain production increased by 16 percent, meat—by 24, and milk—by 14 percent. In general the volume of gross production within the agroindustrial complex increased by 17 percent. The number of profitable enterprises increased by a factor of 1.5.

The absolute figures on per capita consumption of agricultural products also look relatively good. In comparison to 1985 it increased by 12 kilograms for meat products and by 40 for dairy products. There is every possibility of continuing to increase production output and of not allowing any sort of decrease.

Considerable changes have occurred in the development of the social sphere as well. During this five-year plan 4.6 billion rubles, or 500 million rubles more than during the last five-year plan, have been directed into this area. The Zhilye-91 [Housing-91] Program is being carried out ahead of schedule this year. During the last four years 13 million square meters of housing has been built here; this is 36,000 more than during the entire last five-year plan. On the average each enterprise has 16 new apartments per year. Measures in the area of public education and medical and consumer services for the village population are being implemented successfully.

In other words, if we use the old standards of measurement our chests should already be covered with medals. But the knot of food problems is becoming tighter and in real daily life people are hardly feeling the changes that some people are ready to boast of today.

What is the problem? Why, while working significantly better and more effectively, are we as before far from the proclaimed social well-being?

The reason is the time factor, the fact that the agricultural sector of the economy is improving at a significantly slower rate than expected by the people. We are still a long way from an abundant food supply, and the poor store shelves and shortage of food products are creating social tension. No statistical data about the current growth in agricultural output can lessen it. For people not the intermediate success but the final result is important.

If we assess the work from this basic position we see that during the last 4 years we have not been able to reach the goals established by the Food Program. Kustanay Oblast

produced a shortfall of about two million tons of grain annually; Kokchetav and North Kazakhstan oblasts—1.2 million tons each. A significant shortfall in potato production was experienced by Karaganda, Alma-Ata and East Kazakhstan oblasts, and in vegetable production—Dzhambul, Semipalatinsk and Uralsk oblasts. Eight oblasts in the republic did not fulfill their quota for meat production, 14—for milk production and 7—for egg production.

For this reason it is not surprising that in Kazakhstan the level of food consumption lags noticeably behind scientifically-developed efficient norms. Stores are especially poor in meat and dairy products in Chimkent, Kzyl-Orda, Dzhambul and Aktyubinsk oblasts. A narrow assortment, a greatly-manifested seasonality, poor product quality and high prices bring about justified complaints by workers.

Today there is no other solution than to analyze the situation with all party principle and to provide a clear answer to the question: What specifically is interfering in the implementation of plans and with cardinal solving the food problem?

In my opinion, there are at least two reasons for the impediments. The first is objective and historical in nature. I will discuss it in more detail.

Probably in general each one of you is familiar with the complicated and difficult path travelled by the republic's agroindustrial complex. Thanks to the implementation of the Leninist cooperative plan the unproductive, small-market form of management existing in Kazakhstan changed radically and became truly capable of previously-unheard of production growth. Suffice it to say that in 1928 gross grain yield reached unheard of levels for that time—3.5 million tons; i.e. in comparison to 1920 the increase was over fiftyfold.

It is true that these positive changes did not continue for long. The gross libertarian violation of the principle of taxes in kind resulted in the fact that in 1928 plan deliveries of grain in the republic surpassed by a factor of 1.6 the realistic possibilities of peasant enterprises. Not only commodity grain and seed, but also bread that was left for food, were confiscated. At the same time the volume of meat procurement from cattle increased ninefold and from other livestock—by a factor of 17.

The difficult situation for peasants was exacerbated in subsequent years by collectivization. The December 1929 plenum of Kazkraykom [Kazakh Kray Committee] laid the groundwork for unhealthy competition to achieve a shock pace in this campaign, having prescribed the severe directive of completing universal collectivization in the course of 1 year. To protest against methods of force, peasants began to run away from kolkhozes, auls and villages. According to available data, up to 400,000 Kazakh sharua [further translation unknown] became nomads outside the republic and over 200,000 resettled families left the republic during this period. All of this significantly undermined the productive forces of the

village—the size of the herd became considerably smaller, the area in grain crops decreased and productivity dropped.

We know what kind of universal national tragedy this period turned out to be. A significant number of Kazakh people died of starvation. Today the time has come to also tell the truth about this horrible Stalinist injustice.

Only the great patriotism and selflessness of the Kazakh people enabled them to fulfill the quotas that were assigned to the republic's agriculture during the years of the Great Fatherland War. During this difficult time the delivery of products to the state surpassed pre-war levels despite the fact that the village population decreased by 17 percent and that energy supplies comprised only 1.5 horsepower. During the first years after the war production also was extensive in its nature—productivity of grains was on the level of 4-5 quintals per hectare, of potatoes—about 40-50, i.e. almost half that of 1928.

The recent history of the republic's agriculture is tied to the assimilation of virgin and fallow lands. Many of those present here were witnesses to and active participants in this great epic. As a result of enormous organizational work by the party and thanks to the use of all of the country's potential in Kazakhstan a foundation was laid for the modern agroindustrial complex and well-situated settlements, roads and communications networks arose. During the period 1953 to 1965 the number of village residents increased by two million people, i.e., by a factor of 1.5. Plowed were 25.4 million hectares. The energy supply per worker reached 23 horsepower. All of this could not but have a most fruitful influence on growth in gross agricultural output, the volume of which increased by a factor of 2.5 in 1965 as compared to 1953. Since the beginning of the assimilation of the virgin lands grain production has increased sevenfold, meat—fivefold and milk—threefold. The assets that were invested in raising the virgin lands were repaid already in 1977.

These objective figures are the best argument in the dispute with those who today are attempting to diminish the significance of the virgin lands epic and to reduce the labor achievements of the people to a vexing economic error. Once again with complete determination I must emphasize that the assimilation of virgin and fallow lands was an objective necessity and completely justified economically. The virgin lands became not only the most important source of the food products the country needed so much, but also the vital spring for virgin lands collectivism, true friendship among peoples and internationalism.

Today some people try to deny these moral values as well; they are placing doubt in the words that long ago became dear and understandable to us, words about the fact that Kazakhstan is the laboratory for the friendship of the peoples. Who better than the virgin farmers know the real price of this very true concept that was spawned by life itself.

Unfortunately, words, just like popular coins, often wear out from prolonged and immoderate use. Years of stagnation resulted not only in economic but also in intellectual paralysis. The devaluation of word and deed occurred simultaneously and reduced to nothing those truly inexhaustible possibilities that the virgin lands could have offered under different circumstances.

Remember how the activities of the republic party organization were evaluated for many years. There was only one criteria—the Kazakh billion. If you reported on a ringing figure you were a hero, if you were not successful you had only yourself to blame. All of you know how this problem was dealt with. All that was needed was one telephone call from Moscow and then from Alma-Ata and in the worst traditions of the 1930's all enterprises, rayons, oblasts and the republic as a whole were cleared of grain to the very last kernel just to produce the cherished 1 followed by 9 zeros.

This kind of wanton practice turned directors as well as branch rank-and-file workers into unthinking and submissive executors. Beginning in 1970 the development of agriculture in Kazakhstan not only slowed, but we could frankly say it anchored itself firmly. Here is some specific data. Whereas the productivity of grains comprised an average of 8.8 quintals per hectare in 1966-1970, in 1981-1985 it was only 8.4. In comparison to 1980 average milk yield per cow fell by 100 kilograms, the average weight of cattle—by 54 kilograms and of sheep—by 3 kilograms. During the 10th and 11th five-year plans per capita meat consumption increased by only 2 kilograms and that of milk even decreased by 8 kilograms.

We could not expect any other results because under pressure from above from one year to the next the republic increased the amount of grain it delivered not by increasing productivity but solely by plowing up more unproductive pasturelands. During the 10th Five-Year Plan the levels achieved during the seventh were surpassed by a factor of over 2. At the same time feed supplies comprised 70 percent of need, and supplies of concentrates—no more than 30-40 percent of need. The specialization and concentration in agriculture that was achieved through libertarian methods resulted in a catastrophic distortion of the structure of the agricultural sector and became a hindrance to its intensification. Disproportions in relations between production volume and processing of agricultural raw materials were brought to a critical point and the problem of manpower resources became extremely urgent to top it all off.

What kinds of conclusions can we draw based on an analysis of the great historical period of agricultural building in the republic?

First of all, beginning with the 1930's a pressure system of procurement existed and was keenly perfected, depriving village residents of the right to independently dispose of the products they themselves produced. This resulted in a distortion of price parity in the exchange between the

village and the city in favor of the city, essentially reviving serflike dependency of the peasants.

Secondly, practically for the entire duration of the Soviet period there was a violation of the principle of material interest of kolkhoz farmers and sovkhoz workers in the results of their labor; strongwilled planning tactics were used for agricultural production.

From this arises all of the tragedy of the peasant's fate that has been imprinted in social consciousness. From the illiterate muzhik [Russian peasant] in the past to the condescending-contemptuous "kolkhoznik" [kolkhoz farmer] today—these are the images of the village worker that are widespread and still difficult to destroy. Do we have to mention the degree to which this undermined the prestige of peasant labor, what a negative effect it had on preserving its age-old traditions? Today not every livestock farmer can saddle a horse or harness it to a carriage, not just any milkmaid can boast of a knowledge of folk signs of high productivity in cows and many other fine points that previously were known to village residents from early childhood.

However, it would be a distortion to say that the only reason for the unsatisfactory situation in the modern agroindustrial complex is the difficult historical legacy. Of course it is difficult to pull out of a stagnant mire, but is this being done skilfully and energetically enough? Almost a year has passed since the March 1989 Plenum of the CPSU Central Committee, yet people are not seeing an abrupt breakthrough on the food front.

Today what is interfering with the implementation of radical change in solving the food problem? The essence of this problem was very precisely formulated by M. S. Gorbachev in his speech at the last Plenum of the CPSU Central Committee, which discussed the draft Platform of the party's central committee for the coming 28th congress. The fact is, he emphasized, that locally many are still in the camp of old management approaches and methods.

We have known for a long time that pouring new wine into old wine-skins means wittingly ruining the new wine. Frankly speaking, we too have become fairly good experts at this. Remember how every new five-year plan brought new slogans which, it seemed to us, would bring agriculture out of the abyss. But neither reclamation and chemicalization, nor economy and thrift, nor the struggle for effectiveness and quality brought about the desired results. They could not bring about such results since the central question—the return of the land to a manager who was free to select the production method and to dispose of the fruits of his labor—was not touched upon or dealt with. The same fate befell 70 special resolutions on agriculture passed by the Kazakh CPSU Central Committee during the last 35 years. Not a single one was implemented to the end for that same basic reason.

What is happening today? How are we assimilating new methods of management?

According to data from Goskomstat [State Statistical Committee], lease collectives have been given over 88 percent of arable land, 5.3 million head of cattle, 1.6 million hogs and 27 million sheep, i.e., a large portion of the means of production. It would seem that we could only feel satisfaction about such a rapid development of new relations within agriculture. However, we have not had an adequate return or real increase in production. The fact is that the directors of many enterprises and rayons have been demonstrating arrant formalism in this important matter. They are unyieldingly adapting lease relations to the previous method of labor organization and reimbursement of wages, are putting old content into a new form, are striving to castrate the very essence of leasing and openly resisting the fresh impulse from concerned people who totally support the success of the matter.

The Kazakh CPSU Central Committee has been totally inundated with the flow of letters from village workers containing scandalous examples of arbitrariness with regard to leasees occurring everywhere. It is not hard to understand the indignation of the lease brigade of P. Musatov, for example, working in Dolinskiy Sovkhoz, Terektinskiy Rayon, Uralsk Oblast if in the very heat of harvesting the equipment that was at the disposal of sovkhoz director N. F. Salakhutdinov was moved from the lease field to another section and the crops that were cultivated by the brigade on 60 hectares were taken by the snow. Naturally the losses were counted against the leasees.

Some directors slyly try to masquerade regular individual piecework as leasing. For example, in Sovkhoz imeni 50-Letiya Kazakhskoy SSR of Kzyl-Orda Oblast so-called "leasees" receive wages from the "wheel" as before. Each day orders are formulated for them and accounts are kept by the enterprise's planning and accounting service. The same situation exists in Chilikskiy Sovkhoz of Alma-Ata Oblast and Arasan Sovkhoz of Taldy-Kurgan Oblast.

The most paradoxical aspect of this is that it is primarily the directors and specialists of lagging enterprises who are hindering and perverting lease relations. In Bidaikskiy Sovkhoz of Kokchetav Oblast, where A. T. Nazarenko is the director, the last nine years have produced 8.5 million rubles in losses. It would seem that this is where the enterprise would grasp at leasing as the only possibility for correcting the situation and for being saved from debt! But no, everything here is proceeding along the old travelled path even though on paper leasing does exist.

The reason for this situation is the desire to get by carefreely at the expense of the state. After all, in both Bidaikskiy and many other sovkhozes the wages of directors and specialists are not directly dependent upon the end results of work of leasees and the interests of these groups are antithetical to each other in most areas. For example, the administrative staff of Ortauskiy

Sovkhoz, Dzhezkazgan Oblast, received various supplements and bonuses for the results for 1988 according to the 21 salary scale, whereas many lease collectives remained in debt. Is there any reason to wonder that while looking as such dependence many rank-and-file workers actively oppose leasing and categorically do not accept wages according to the end result.

I think that the time has come to fundamentally assess the actions, or rather the inaction of obvious as well as of secret opponents to economic reform in the village. It is essential to carry out persistent educational work with rank-and-file workers and potential leasees while in no way transforming into a campaign the natural process of conceptualization by them of new form of management, and the demands made on communists-directors are unique. Any suppression of initiatives from below by them, any attempts to formalize or distort lease relations should be seen as direct opposition to perestroyka, as sabotage of the new agricultural policy and as an undermining of party authority.

We must finally recognize that today we once again realistically face the already well-known historical situation—the crisis in production relations, when the “lower classes,” i.e., practically all of the people, cannot live in the old way, but the “upper groups,” i.e., the administrative apparatus, cannot manage in the new way. We know of only one way to solve the problem—the revolutionary. If the people “above” do not allow us to manage freely, this means the people “below” must take up this management themselves. This is why the concept of revolutionary restructuring of society should be seen not as verbal radicalism but as a vital need of the times. Not to understand this means to fall into a hopeless political nearsightedness.

Comrades! On the basis of the analysis of the reasons that impede the processes of economic reform in the village two priority tasks are put forth which we must focus our attention on.

The first is to steadfastly and persistently develop conditions for a radical change in production-economic relations within the republic's agroindustrial complex and to do everything possible to eliminate the alienation of the peasant from the means of production and the results of labor.

The second is to organize a transition to multiple forms of socialist property and forms of management, to give these forms equal rights and to provide healthy competition.

As you know, the solution to these problems did not begin with zero; we did have some experience. The republic was one of the first in the country to remove limitations from the private sector, as a result of which the herd of cattle being cared for by the population increased by 500,000 head in four years, of sheep and goats—by 1.5 million and of hogs—by 100,000. We were also among the first to assimilate leasing. Originating in

1985 in Sovkhoz imeni Manshuk Mametov of Tselinograd Oblast, the lease detachment very quickly proved its high level of effectiveness and became a dependable method for improving economic relations. Proof of this is the fact that in over 50 sovkhozes and kolkhozes of Kazakhstan which began assimilating leasing in 1987, production profitability increased from 19 to 41 percent whereas in the republic as a whole it increased by only 3.5 percent.

Impressive results were also obtained under conditions of individual leasing. Farmer Yeset Nurtazin of Ruzaevskiy Rayon, Kokchetav Oblast, for example, having leased 20 heifers, a tractor and 33 hectares of land from the sovkhoz, built a cowshed with an automatic water system and mechanized milking and already during the first year sold the state 26 tons of milk. Now he is planning to buy the livestock and tractor and to expand production with the full rights of proprietor. In Krasnoarmeyskiy Rayon of the same oblast Nikolay Zagorodnyuk leased a neglected base, renovated it and became involved in pork production. In one year the farmer delivered 84 tons of meat while taking care of four sovkhoz pigpens by himself.

The effectiveness of economic operations is also high in village cooperatives. Members of Znamenskiy Cooperative, Kustanay Oblast, renovated neglected houses and the production facilities of the former department, leased 350 weakened animals, tended to them and delivered them as part of the sovkhoz plan with a live weight of 470 kilograms each. Average daily weight gain last year was 30 percent higher in cooperatives than in other enterprises. Similar results were achieved in the cooperative headed by Kenes Berkeshev of Karatobinskiy Rayon, Uralsk Oblast.

The list of similar examples could be continued, but here is what is characteristic of them in my opinion. New production relations without any kind of outside pressure sharply increases discipline and responsibility among people included within their orbit. After all, this was beyond the strength of the command administrative system, which even during the most dismal period of repression was not able to eliminate slackness, absenteeism and other labor violations which have deeply taken root in our lives.

From this we can draw the conclusion that no measures will raise the people to work honestly and conscientiously if a fundamental factor is not included—economic interest in the results of their own activities. This is why the right to work freely must be given first and foremost to the basic production link of sovkhozes and kolkhozes—to primarily labor collectives. And they should not be covered from all sides with norms, limits, plans and assignments so dear to the bureaucratic heart. Direct commodity-monetary exchange on the principle of “purchases-sales” is essential. Those directors who build their contract relations with lease collectives on the

basis of a fixed payment for land and the production assets given over to them or taxes on profits or income are acting quite rightly.

I cannot fail to focus attention on a problem that has to do with the kolkhoz-sovkhoz system. In debates about what the future agricultural sector should be like, some people stand fully in support of kolkhozes and sovkhozes and others feel that those are in no condition to feed the country and propose that they be dissolved and that a complete transition to farming be made. Which position is preferable?

Recently I and several comrades were able to visit the U.S. and Canada and to become acquainted with progressive experience. Here small farmers comprising 72 percent of the total number of farmers produce less than 11 percent of market goods. The major contribution to the production of food is made by the 22 percent of large and medium farms working on a cooperative basis.

If we look at China's experience we see the same tendency. In 1978, when economic reform began in the country, the land was divided and given out to the peasants. However, according to the admission of Chinese economists, very soon small allotments became a hindrance to the introduction of the achievements of science and technology and to the mechanization of agricultural production and the possibilities of further production growth were practically exhausted. For this reason here too we saw the development of large mechanized formations of the type of the former MTS [further expansion unknown] and cooperation among small enterprises.

In connection with this a question arises: Must we go from one extreme to another, must we destroy that which after a short period of time we will have to build again, must we move from small to large commodity production?

The Kazakhstan CP Central Committee supports having the varied forms of property and production relations in agriculture develop equally. A broad path must be opened up both before leasing as well as before peasant enterprises and the agricultural cooperative. We will strive to have this so in actuality. However, sovkhozes and kolkhozes are and will be the foundation of the agroindustrial complex; they can and must feed the nation. After all, if we look the truth straight in the eye, we must admit that the powerful production potential of these enterprises was not utilized properly since not a single one of them has been able to operate as of yet under the conditions of objective economic law.

It is another matter that, in our opinion, many sovkhozes and kolkhozes must inevitably be transformed into cooperative unions. This conclusion is convincingly confirmed by today's practical experience. For example, in the well-known Baschiyskiy Sovkhoz of Taldy-Kurgan Oblast, all the known forms for improving economic

relations were sequentially tested beginning with collective contracts. In January of last year the labor collective's soviet, despite the stability and profitability of production, decided to transform the existing production sections into independent cooperatives, which later united into a union. I will not go into the structure of this enterprise any further—Gosagroprom has published a special brochure which I strongly suggest be studied. I will only say that Baschiyskiy Cooperative Union last year achieved 3.7 million rubles of profits and profitability here comprises 89 percent.

The production-financial operations of the cooperative association in Ivanovskiy Sovkhoz, Tselinograd Oblast, of Cooperative Union imeni 50-Letiya SSSR, Kustanay Oblast, and of State Cooperative Association imeni Kirov, Chimkent Oblast, improved just as sharply.

I am firmly convinced that this developing tendency is closely related to processes that we call the renewal of socialism. It is no accident that V. I. Lenin so fervently called upon us to "cherish" cooperation and to use it broadly to develop a new social structure, for with each person's participation in cooperation, the structure of civilized cooperatives "is the structure of socialism." Only now are we ready to really conceptualize this foresight of Lenin's and to utilize it in concrete practice.

Unfortunately, not all cooperators by far have the necessary professionalism and knowledge of the latest technology. For example, why build shops for the processing of agricultural products and have supply organizations and other objects of the production infrastructure in every enterprise if it is more advantageous to do much of this on an interenterprise basis, combining efforts and resources for this purpose?

This kind of experience exists—Issyk Agricultural Combine of Alma-Ata Oblast. I will admit that initially the enterprise's directors were very cautious about the idea of creating it. But now, when the functions of this formation have been clearly established and the first hopeful results have appeared, there are no more active supporters of this form of mutually-advantageous cooperation. The agricultural combine combines production, processing, storage and sales of products, has its own planning-building subdivision, a financial-accounting center which has taken upon itself the functions of a commercial bank, its own fruit and vegetable bases and 18 stores in Alma-Ata. In enterprises the output of an extensive assortment of new products has been assimilated—kurt [further translation unknown], cheeses, condensed milk, national sausages and other meat products, household soap and so forth. Shops selling whole milk substitutes and leather-fur goods have been introduced; new productions are being developed and mutually-advantageous cooperation with foreign firms is being instituted.

Good results have also been achieved by Sovetskaya Agricultural Firm of Vozvyshenskiy Rayon, North Kazakhstan Oblast. Created on the base of the profitable

enterprise of the same name, in two years it achieved a 23 percent growth in gross production, including meat—24 percent and milk—42 percent, and last year it produced 5 million rubles in profits. Also revealing is the experience of Kurday Scientific Production Association of Dzhambul Oblast, which convincingly demonstrated its high level of economic effectiveness obtained by means of concentrating the efforts of factories producing parts for others on the final goal of production.

In other words, every one of the aforementioned new formations is characterized by the fact that in them a thorough interenterprise cooperation is being very successfully implemented, which many have partially forgotten.

I said this so that everyone realizes that such transformations will touch all of our enterprises sooner or later. To what degree and what forms will develop in each one will be decided by the peasants themselves without directives from above. It is our duty to support and help to develop new processes and to propagandize and explain their essence to the village worker. Then he will have the opportunity to choose between the lease collective, the farming, peasant or cooperative enterprise, then he will be able to competently decide the fate of his sovkhoz or kolkhoz.

The next important thing that we must focus our attention on is the need to change the existing system of planning and price formation, which is very contradictory to the changing production relations in the village and which has become a hindrance in the assimilation of leasing. The first and most important thing we must do in this direction is to reorganize the system of procurement, moving away from the policies of military communism and the requisitioning of farm produce of the 1930's, and to decisively make a transition to the free sale of products by their producers. Secondly, we must achieve a mutually-advantageous price system. Only with the implementation of these two conditions will it be possible to achieve a sharp growth in production, to achieve actual price parity for the products of the city and the village and to make the transition to self-supporting production and self-financing.

In connection with this already this year we must fully reject plan dictates and allow the collectives of sovkhozes and kolkhozes to determine the volume of production and procurement of products for themselves. At the same time enterprises should be placed within the strict framework of self-financing and self-supporting production, after conditions are created under which the material and financial resources received by them will depend directly on sales volume. The practice of obtaining loans that do not have to be repaid as well as the support of unprofitable enterprises at the expense of profitable must be decisively uprooted.

Naturally, a question arises: What should we do about specific quotas for the entire range of agricultural products if sovkhozes, kolkhozes and lease collectives themselves determine what and how much they should cultivate and produce? The criteria here are simple—every form of production here must be advantageous to enterprises and must bring them profits. It is possible that prices will become flexible in the future, changing according to developing natural conditions and market competition. A living example of similar relations can be the increase in procurement prices for durum wheat in 1988. This measure without any sort of pressure or directives "from above" enabled workers to double production within the course of 1 year.

As you know, in accordance with the decisions of the March 1989 Plenum of the CPSU Central Committee this year it was planned to introduce new procurement prices. However, for a number of objective reasons this did not happen and the increase has been delayed until early 1991.

In numerous speeches at the plenums of the CPSU Central Committee and sessions of the USSR Supreme Soviet I persistently posed the question of the most rapid examination of procurement prices, which today do not correspond to actual expenditures and bring irreversible damage to an enterprise's economy. According to our calculations, due only to the absence of parity between prices for agricultural and industrial products the republic's agroindustrial complex loses 400 million rubles each year.

Unfortunately, the country's government, while in principle agreeing with our conclusions, demonstrates indecisiveness in concrete actions. It is understandable that this is related to many economic, financial and social disorders which are complicating the reform of price formation to an extreme degree. However, delay is also fraught with dangerous consequences that expose the food program. We also still do not know what additional political, economic and moral losses will result.

Incidentally, in criticizing the center we must also more carefully look at how skilfully we ourselves are using economic factors. For example, let us look at differentiated supplements to procurement prices. Instead of maximally using them to even out disproportions and to increase production output, directors who do not have initiative and who are bad managers often follow the principle of "earrings for all sisters." As a result of this, those that lag behind do not see the need to look for internal reserves and strong enterprises do not have an additional incentive for increasing production. Egalitarianism is flourishing again. Some people hope to maintain this principle even with the new prices in order to, as they say, catch the fish from the pond without difficulty.

I want to disillusion such directors. New prices will only take into account socially-necessary expenditures and the consumer properties of products. For this reason, first of all, they will be directed into stimulating an

increase in production output there where the best conditions for this exist and where fewest expenditures are required.

Secondly, we will begin to stimulate production quality through prices. It is planned to increase prices for certain breeds of cattle and hogs of meat varieties and for ecologically-clean vegetable production. Supplements for quality strong and durum wheats are being maintained.

Thirdly, the new prices will support the more and more extensive use of the achievements of scientific-technical progress and progressive experience. For example, additional financial resources are received by enterprises that produce potatoes on the basis of biotechnology and that are involved in raising breeds of highly productive livestock or new varieties of agricultural crops.

Fourthly, we will help traditional branches of livestock raising—horse and camel raising—in the republic. Procurement prices for their products will more than double.

In other words, the hopes of those who think that the new procurement prices will achieve well-being under conditions of mismanagement and extensive-type production are in vain. We will do everything to have prices become the main economic regulator within the agricultural sector, to have prices facilitate the optimization of structure and to have them interest people economically in increasing production output.

I think that many are ready to ask the question: How can we correct the complicated financial situation that has developed in many of republic's enterprises? There is only one answer—by means of the active introduction of a counter-expenditure mechanism, of assimilation of cost accounting, of decreasing production costs in every way possible, and of rejecting a policy of dependence.

Look at what is happening here. At the beginning of the current year loan indebtedness reached 17 billion rubles, and the shortage of our own working capital comprised 1.2 billion rubles. In many sovkhozes and kolkhozes due to the absence of assets on accounts wages cannot be paid out on schedule and the enterprise counts on the fuel, building materials and so forth that arrive.

Some directors tend to blame everything but their own mismanagement for this kind of situation. But facts are a stubborn thing. They show that gross production costs in agriculture for last year as compared to the preceding year decreased by 349 million rubles whereas productivity increased by less than 1.5 percent. As compared to the levels for the 11th Five-Year Plan the production cost of grain increased by 21 percent, of potatoes—by 17 percent, of beef—by 15 percent and of milk—by 7 percent. Last year alone due to plague and losses of cattle sovkhozes and kolkhozes suffered losses of 309 million rubles, and from the sale of meat and milk of low quality—131 million. We live according to the way we work!

Incidentally, many people want to live a lot better than they work. This is again attested to by the impetuous growth in wages and overhead expenditures. During the current five-year plan for every ruble of gross income produced, over 70 kopecks were paid out in wages, and in over 500 enterprises in the republic this turned out to be significantly more than the gross income produced.

The harmful practice of "eating away" working capital by means of rechanneling enormous sums into capital non-plan building is still continuing. The enterprises of Kustanay, Kokchetav, Tselinograd, Dzhambul and Alma-Ata oblasts are especially zealous in this.

All of these negative tendencies have a negative effect on the financial situation. Last year over half of Gosagroprom enterprises did not achieve the financial plan. Today 42 percent of the enterprises of Kustanay and Kokchetav oblasts, every third in North Kazakhstan Oblast, every fifth in Tselinograd Oblast and every seventh in the republic as a whole is operating at a loss.

In connection with this an urgent question arises: How can we achieve normal production activities under conditions of regional self-financing if there is a shortage of 3.5 billion rubles for this purpose?

The republic has passed a program of financial improvement for unprofitable enterprises but we must honestly say that it is being carried out very badly. What is characteristic is that not many sovkhoz and kolkhoz directors seem to be too upset about this. Instead of assimilating a counter-expenditure mechanism and introducing new production relations, they continue to siphon off additional resources from the state treasury in the old way and without blushing. But we cannot continue this way ad infinitum.

As you know, the USSR Supreme Soviet has passed a resolution that foresees writing off postponed debts for those collectives that have moved to leasing. What real manager will not take advantage of this opportunity in order to correct the situation with a benefit for himself and for the country? However, many of our directors have not shown any interest in this despite the fact that debts within the republic as a whole could decrease by a total of over 10 billion rubles.

If this work is carried out without formalism and with maximum return the main hindrances to the development of the agricultural sector, the elements that do not permit us to accelerate as needed, will be eliminated. We must make use of this opportunity to correct the financial situation and with the help of leasing to create an effective counter-expenditure management mechanism that will guarantee protection from new debt dependence.

New production-economic relations in the village objectively create the need to change the management structure within the agroindustrial complex. Such attempts were made in past years as well, but usually ended as purely cosmetic measures, and the command-pressure

system did not change. Without venturing too far into the history of the question, let us look at examples from recent years which are fairly fresh in our memories. I have in mind the development of the RAPO [Rayon Agroindustrial Association], which was practically viewed as a panacea for all ills. However, these formations exhausted their "resource" fairly rapidly. We started to democratize them, selected soviets everywhere within the agroprom, but even this did not save us from bureaucratic methods. Now we are wondering why agricultural combines, firms, associations and various unions and associations are not providing the expected return... The explanation is quite simple—we keep trying to create new forms while retaining content almost without change.

Today we must create an administration that does not command, does not apply pressure, but that services sovkhozes and kolkhozes, leasees and peasant enterprises.

Is this possible in principle? In order to answer this question I would like to present the example of the experience of Canada. At first glance the administrative structure there and here is the same. There is a ministry of agriculture similar to our Gosagroprom, and in the provinces there are organs that look very similar to oblagroproms and RAPO's. However, the main function of the provincial organs as well as of the ministry is to provide farmers fully and in every way possible with everything they need for effectively carrying out their work.

Of special interest in this connection is the wheat pool (association). Its structure, staff and the wages of workers are determined by the farmers themselves. The candidature of all workers is personally confirmed at a meeting of representatives. Their obligations are also discussed there. The structure and staff are changed when necessary; everything is done according to circumstances. There are aspects that are simply amazing to us. For example, a farmer buys a tractor that breaks down 2-3 months later. He returns the broken machine to the pool and receives his money back. This same approach is used for literally all service problems. This is why pool workers are in constant contact with farmers. They study their needs and consider how to most effectively satisfy the needs that surface.

And how do we do things here? No matter how much we try to change things, the primary method of management of sovkhozes and kolkhozes on the part of oblast and rayon organizations remains commands, directives, regulations and other bureaucratic roundabouts. All of this is because the agricultural administration is not fed by peasant labor and does not feel dependent on those who grow our daily bread!

It is true that there have been some changes, especially on the level of the brigade, department and farms; leasees and cooperators do not stand for command parasites. But on a higher level things are worse. Elected

RAPO soviets have not been able to have any kind of real influence on the democratization of management; as before half-heartedness of intentions and narrow departmental interests prevail here. The reorganization of management of the agroindustrial complex on the oblast level has also been delayed. Since beyond formulating general desires management organs are not to command but just to help, nothing has changed. But the bureaucrat, like Vaska the cat from Krylov's fable, listens to the desires, he does nothing about things and keeps on eating his bread and butter...

I think that on this question the last word belongs to you, comrades. It is you who must determine the structure, staff and wages of workers of rayon and oblast agroproms and the precise sphere of their activities. Perhaps the names of these organs should even be changed based on their new functions to committees on production-technical supply of the agroindustrial complex.

We propose taking an important step in democratizing management on a republic level—to elect a soviet of labor collectives of the agroindustrial complex here, promoting for this organ the worthiest representatives capable not only of thinking on a broad-scale and of formulating our agricultural policies but also of implementing them.

What rights will this organ have? It will decide absolutely all village problems ranging from the development of state orders, the use of capital investments and the distribution of assets to the selection and distribution of cadres. Then naturally Gosagroprom will become its working organ.

Of course it would be more correct to form the soviet "from below and up" but we cannot wait for the local bureaucracy to get moving. This is why I am asking you to carefully study the draft resolution on the soviet and the list of candidates for it. At the end of the meeting we will summarize all of your proposals and together will pass the corresponding document. I think that the new organ will become an important instrument in the further democratization of the administration within the agricultural sector of our economy.

Moreover, in connection with the new Law on the Peasant Enterprise, which will be passed by the Kazakh SSR Supreme Soviet, the need becomes quite apparent to form associations of peasant enterprises and agricultural cooperatives which, functioning according to democratic and voluntary principles, will express and protect their interests and give them legal, financial and material-technical aid.

Life itself requires that we immediately begin to implement the planned measures and opens up broad possibilities for the more effective fulfillment of the decisions of the March 1989 Plenum of the CPSU Central Committee. As you know, the USSR Supreme Soviet has approved the basis for the law on leasing. Correspondingly, the republic's supreme soviet is presenting this law for discussion at the next session. Basic questions on

land and property were examined by the Second Congress of USSR People's Deputies, which obliged the country's supreme soviet already in the first quarter of this year to pass the corresponding laws.

This means that our hands will be untied, that one of the basic Leninist slogans, "Land to the Peasants!" will finally become a reality. In this lies the primary guarantee for the success of economic and social transformations in the village.

Comrades! The improvement in production relations, cost accounting and management of the agroindustrial complex, which we have spoken about, is naturally not an end in itself but the effective instruments for achieving specific goals as established by the Food Program. This is why it would not be inappropriate to speak about what we are hoping to achieve and what are real goals are.

The Kazakh CP Central Committee feels that in the near future we must remove the urgency of food supplies and that by the end of the 13th Five-Year Plan we hope to supply agricultural products to the population to enable us to increase per capita consumption of meat to 94 kilograms, milk—to 358, and vegetables and melons—to 130 kilograms.

First of all we must increase grain production to volumes that will meet our need for seed, grain forage and barter and that will also provide for maximum sales to the state of high-quality Kazakhstan wheat. The necessary prerequisites for this have been created. Last year, as you know, we rejected a pressure system of grain procurement; procurement prices will increase, even if with a delay. However, we cannot simply put our trust into these measures. Locally we must become fundamentally involved in reestablishing the fertility of the soil, in which according to scientific data the humus content has decreased by 20-30 percent. We must also work seriously on breeding grain crops; after all, it is no secret that Saratovskaya-29, which predominates on our fields, cannot withstand intensive technology.

The republic is meeting its need for groats only by half, for vegetable oil—by 70 percent and for sugar—by 15 percent. For this reason it is essential to reexamine existing drafts for increasing the production of these food crops. No matter how paradoxical, it is true that Kazakhstan, having excellent climatic conditions for raising vegetables and fruit, still cannot achieve self sufficiency in this area. The way to solve this problem is to make the transition to cultivating crops on irrigated lands and to more extensively utilize industrial technology.

It is important to activate the planned changes in livestock raising. Today it is clear that a 4-5 percent average annual pace of growth in meat and milk production does not satisfy us at all although in comparison with the past this is not a bad achievement. The increase should be double what we have achieved. It can be met without a problem if we move persistently in two directions—

raising breeding work to a qualitatively-new level and fundamentally concerning ourselves with strengthening the feed base. Is it good management to annually purchase tens of thousands of head of young animals in the foreign sector or at triple the price throughout the country and on our own farms to produce only 65-70 calves, 80 lambs and kids and 60 colts per 100 mothers...In the last 4 years alone 295,000 heifers worth 400 million rubles have been brought into the republic, and as compensation 30,000 tons of meat were delivered to the union fund! This cannot go on for long. We could come to terms with such a practice if it yielded a noticeable return. But with optimal numbers of pedigree livestock comprising 20-25 percent of the herd, here in dairy farming the corresponding figure is 15 percent, and in meat farming—19 percent. As before Holsteinization, industrial crossbreeding and large-scale breeding are not being expanded as needed. This is one of the main reasons for the low productivity in meat, milk and wool.

There are also many imperfections in the feeding of animals. Although we have been involved in this problem for a long time, we still do not see a radical solution to it. Irrigated lands are still being used ineffectively, enormous areas of natural haylands and pastures are being degraded and radical and surface cultivation is not being implemented. In general I must say that our system of feed production does not have complexity and scale and is not of a branch nature. Yet in connection with changes in the system of grain procurement sovkhozes and kolkhozes now have the opportunity to reexamine the grain forage portion of the balance. Moreover, the problem of vegetable protein is being solved intolerably slowly although the ways to do this are known to everyone—intensive cultivation of rape and other high-protein crops and improving the nutritive value of rations with well-organized feed preparation.

The machine-tractor fleet requires considerable improvements. It is essential to reequip enterprises with modern highly-productive and maneuverable tractors, agricultural machines and soil cultivation and sowing equipment that are dependable, simple to operate and most importantly, inexpensive. The mechanization of livestock raising, especially of sheep farming cannot be delayed.

In connection with this we must radically restructure our agricultural machine building. It is important that its development be subordinate to the needs and demands of sovkhozes and kolkhozes, peasant enterprises and leasees. We must fully root out useless practices such as when the entire republic was inundated with sowers from Tselinogradselmash [Tselinograd Agricultural Machinery Association] whereas villagers could not find the machines they needed even by daylight with a flashlight. This is typical. In this situation the Tselinograd workers did not even consider reorienting themselves; they continued to bombard the republic organs with telegrams demanding that enterprises be forced to buy their products, which the peasants called nothing other than "painted utility waste."

Based on general republic tasks and concepts of development of Kazakhstan's agroindustrial complex during the 13th Five-Year Plan, specific differentiated goals are also being given to oblasts. I will not repeat them since they are clearly delineated in the familiar Resolution Number 213 of the republic's council of ministers. I will just say that in the opinion of the Buro of the Kazakh CP Central Committee, the main task of every oblast is to persistently carry out a course toward self-support in the area of basic food products. Moreover, their balance must be achieved by means of mutually-advantageous interoblast exchange.

For example, it would be expedient to concentrate buckwheat crops in four of the republic's oblasts—East Kazakhstan, Kustanay, Pavlodar and North Kazakhstan. Over 60 percent of the demand can be raised without problem in Kustanay and Pavlodar oblasts. As for potatoes, it is recommended that they be cultivated in the most favorable zones with subsequent redistribution. This includes Kustanay Oblast for distribution to Aktyubinsk and Guryev oblasts, North Kazakhstan for Chimkent, Kzyl-Orda Oblast for Uralsk Oblast, for example, and East Kazakhstan Oblast for Alma-Ata and Semipalatinsk oblasts. Similar zones should be created for the production and redistribution of vegetables, melons, fruits and berries.

With the goal of improving the use of grain resources we must increase the volume of grain processing in the republic. This will enable us to reject counterimports of flour and groats into Kazakhstan and with complete self-support will enable us to deliver these products into the union fund.

In general I must say that recently a fair amount has been done to strengthen processing enterprises. Whereas during the past, five-year plan capacities for processing livestock have not been introduced at all, during 4 years we have built enterprises, the total capacity of which comprises 250 tons per shift. New capacities of 707 tons have been introduced for processing milk, which surpasses 1981-1985 levels by a factor of 2.5. Storehouses for potatoes and fruit and vegetable products with a capacity of 428,000 tons and refrigerators with a capacity of 22,400 tons at one time have been put into operation. This is correspondingly greater by a factor of 2 and 1.6 than during the entire last five-year plan. Approximately the same type of growth has been achieved within the system of Kazpotrebsoyuz [Kazakh Union of Consumers' Societies]. This has enabled us to significantly replenish shelves of cooperative stores and to bring some variety to them.

Nevertheless, things are very unsatisfactory as regards processing. Due to the weak material-technical base we are losing a mass of agricultural products; annual losses comprise 2.5 billion rubles.

Judge for yourselves—at all stages of production, procurement, primary processing, transportation, storage, processing and sales one-fifth of the gross yield of grain

and vegetable-melon crops, one-sixth of the potato crop, one-twelfth of the fruits, berries, grapes, milk and meat and up to 75,000 tons of sugar and 20,000 tons of vegetable oil are lost. By eliminating these losses we could increase per capita consumption of potatoes already today by 20 kilograms, vegetables and melons—by 29 kilograms, milk—by 26, and meat—by more than 6 kilogram per year.

This is why there is such an urgent need in the development of processing branches, which make up only 30 percent of our agricultural sector, whereas in Bulgaria, the GDR and Czechoslovakia they comprise 50 percent and in the U.S.—70 percent of the total.

This year we must introduce 45 percent of the production capacities planned for the five-year plan for meat and fruit and vegetable canning, over half of the capacities for refrigerators, dry, defatted milk and whole milk supplements, over 60 percent of elevator capacities, 87 percent of capacities for producing confectionary goods and over 90 percent for groats enterprises. The situation requires taking the most decisive measures, especially in Uralsk, Kustanay, Karaganda and Dzhezkazgan oblasts because systematic lags lead us to ever-increasing disproportions in the development of agricultural production and processing capacities.

The powerful industrial potential of cities is poorly involved in solving these problems. The resolution of the USSR Supreme Soviet on directing 10 percent of the volume of industrial building into the needs of the village is practically not being carried out at all. The valuable experience of Pavlodar on mutually-advantageous cooperation between the city and the village is not being adequately disseminated. But yet active business-like partnership is advantageous first and foremost to city residents since it is they who are the basic consumers of processed agricultural products. And if we have decided to repay our debt to the village, we must do this more quickly, radically changing the vicious nature of the dependent ties that have developed.

Village directors justifiably criticize the work of processing enterprises, but here a measure of the fault is yours. After all, as a rule, during the first half year only 35 percent of the annual contingent is sold; the remainder is sold in the fall months. Sheep raising is extremely seasonal. We must organize year-round fattening and deliver all types of livestock to combines uniformly.

Losses in vegetable production are large; here seasonality is also acutely evident. The production of various varieties with different vegetative periods could remove the urgency from this problem. However, in enterprises usually one variety is cultivated in order not to complicate life; workers wait until the fruit is heaviest. Very few early vegetables are produced. Their assortment is very narrow. We cannot work in this way. Already this year we must eliminate these shortcomings.

We established the goal of bringing processing branches closer to the place of production. Small canning shops, creameries and hulling mills provide considerable economic advantage while contributing to a curtailment of losses. In Kolkhoz imeni 30-Letiya Kazakhskoy SSR, Pavlodar Oblast, (Chairman—Comrade I. Ye. Strayf) the processing shops produced products worth 3 million rubles and achieved 690,000 rubles in profits from this. It is no longer a rarity when sovkhoses and kolkhozes are involved in cage fur-breeding and the dressing of furs and sheepskin, in sewing leather jackets and in producing finished products that are no worse in terms of quality and assortment than those produced by industry. An example is Mankent Kolkhoz of Chimkent Oblast. Kolkhoz imeni Ilich, Engekshikazakhskiy Rayon, produces 20 types of consumer goods for which it receives 400,000 rubles. However, the experience of these enterprises has not been disseminated everywhere. We must become more active in this area as well.

Comrades! Economic reform, the new management mechanism and progressive technology—all of this will be a hollow sound if we do not decide the problem of securing manpower in the village. The restructuring of the social sphere was, is and will be a priority for the republic party organization.

During the current five-year plan housing construction is being actively pursued. Already this year everyone who was on the list as of 1 January 1987 will be provided with an apartment. Each year a good increase in housing is achieved by Kustanay, Kokchetav, Tselinograd and other oblasts. The houses that are built here are usually well-equipped. People assess their merit and themselves participate in housing construction.

We support the use of assets belonging to the population to build houses. The forms of attracting them and the incentives can be the most varied depending on the financial situation of the enterprise. Those directors who build quality houses and sell them to their workers are acting correctly. This must be rewarded in every way possible.

Last year I visited Krasnodonskiy Sovkhoz of Kustanay Oblast, where Marsel Antonovich Korchinskiy is the director. All housing here is connected to central heating and water supply. The school, club, hospital, kindergarten, sports facilities and other social facilities are maintained in good condition. The streets are paved and there is a great deal of greenery.

Kaplanbek Sovkhoz of Chimkent Oblast is also well-known in the republic for its arrangement. The settlement is organized well; it has all of the necessary objects for cultural, everyday, trade and medical services, which are not inferior to city services. People are firmly secured in such places.

At the same time there is a shortage of good housing in many sovkhoses and kolkhozes; a large number of apartments that were built earlier do not have any comforts.

They become decrepit, are not repaired for many years and some of them are even in an emergency state.

In the republic as a whole only one-fifth of the houses have running water and only 5 percent have hot water. Almost 400 settlements depend on water that is brought in. To solve this problem we must build over 50,000 kilometers of pipelines, including 25,700 kilometers of main lines. As you can see, the work is extensive, but despite the difficulties we can no longer delay in its fulfillment.

Only 78 sovkhoses and kolkhozes of 500 located in the gas-pipeline zone are gasified; not all village residents make use of the dependable source of energy.

According to the report data, we have more cultural-educational facilities in the village than demanded by the norms, but fewer than half are model facilities. Nevertheless, there are places to meet. However, club work is basically poorly organized. Among workers of cultural-educational facilities only 11 percent have a higher special education and 27—a secondary. Many of you will not be chary about spending 100,000 rubles to decorate clubs with various panels of dubious artistic taste, yet there is no money to send a talented young man or woman to get an education. What, has the village become impoverished in talented young people? That is not so. For example, in Abayskiy Rayon, Semipalatinsk Oblast, the Kalamkas Ensemble, a grass-roots group, is known not only in the republic but abroad as well.

The network of medical facilities is not adequately developed; the availability of doctors for the village population is lower by a factor of 4.2 than for the city, and hospital beds—by a factor of 2. But even under such circumstances the director of the sovkhos and kolkhoz must concern himself with the health of workers. However, even today there are cases in which it is practically impossible to reach a hospital quickly from distant settlements because of transportation and road problems. People are transported in open cars over many kilometers to work. In production areas there is nowhere to wash up or change clothes. We must actively help health organs, we must not spare assets for measures to protect health and we must build our own clinics and boarding houses.

An important link in the restructuring of the village is the development of trade and public nutrition. We should help consumer service enterprises as well. There should be cafeterias in production sections, buffets, a multi-function reception point, and facilities for the master repairman of electrical consumer goods and televisions.

There are enough difficulties involving the building of housing and social-cultural objects. The main problem is building materials. We are taking measures to make this a less urgent problem and have been successful to some degree. This year all Gosagroprom planning objects have

been 100 percent supplied with material-technical resources. We will continue to do this kind of work in the future.

Yet the tension involving supplies of building materials for the village is not abating. For this reason enterprise directors should not hope only for centralized deliveries—there was always a shortage of these, but should themselves exhibit initiative and enterprise by organizing the production of building materials locally. Whereas, for example, almost every enterprise in Kustanay, Tselinograd and Kokchetav oblasts has a brick factory and manufactures 200-300 million fired bricks, in North Kazakhstan Oblast only 34 million bricks are produced, in Aktyubinsk—25 million and in Karaganda—23 million. As you can see, there is a difference, and a considerable one at that.

There are many justified complaints about the absence of or poor maintenance of roads, and about unsatisfactory bus services, especially on farms and in sections.

All of these problems are heightened in the 70 distant village regions of Kazakhstan. Last year the republic's government passed a special resolution concerning 30 of them. This is an extensive program touching the interests of many people. We must do everything to make sure it is carried out completely.

I would especially like to discuss the problem of small settlements. They are located primarily in Aktyubinsk, Guryev, Dzhambul, Dzhezkazgan, Kzyl-Orda, Semipalatinsk, Taldy-Kurgan oblasts and a number of rayons of Alma-Ata Oblast. There are about 1,700 such settlements with a population of about half a million. They are looked at as "unpromising" but all around the land is yearning for a proprietor's hands. We must develop farm and family peasant enterprises, i.e., rejuvenate the land and force it to work for the good of the people. Unfortunately, the problem of small settlements still remains and in some places has even become more acute. More persistent measures are needed to solve the settlement's social problems, the presence of which is the main reason for the decline. Under current conditions this kind of situation is intolerable.

The work and lives of shepherds requires the closest attention. It is no secret that the lack of roads in winter and the lack of communications and electrical energy as well as of many elementary living conditions are catastrophically decreasing the prestige of the shepherd profession. We are facing a real danger of actually losing it already in the coming generation. In connection with this we should reexamine existing technology of shepherd labor and implement a sharp transition from ancient traditional forms to new intensive methods. One of the effective ways to do this involves concentrating the herd in wintering sites. Feedlots will help us not only to achieve high weight gains but also to deal with social questions more easily. Already today, without delay it is essential to build good housing and bathhouses at wintering sites, to install electricity and to install electrical or

automatic boilers that use liquid fuel. It is also important to organize gas supplies, uninterrupted trade and medical services and dependable communications systems. All of this is a question of social justice and must be decided without delay.

Moreover, considering the unsettled nature and complexity of the shepherd lifestyle, it is essential to first and foremost provide passes for shepherds to houses of rest and to sanatoriums, and to organize medical treatment for shepherds and for members of their families in the best oblast and republic hospitals.

It is understandable that most of the problems raised here cannot be decided by the kolkhoz chairman or sovkhos director alone. Republic ministries and departments must provide real aid to the village. First and foremost this involves the ministry of public education, the health ministry, the ministry of consumer services, Kazpotrebsoyuz, and the State Cultural Committee, which are called upon to prepare and secure cadres of specialists in the village and to develop a modern infrastructure in villages.

Under conditions of economic reform the questions of training, selecting and distributing cadres acquires great significance. We must keep in mind that our cadres have been trained within the command-administrative system and that most directors have grown accustomed to receiving orders from higher-standing organs and to sending them "down." A principle that was irreproachably in effect then and that is still in effect in some places stated that those who did not obey orders were not "our people." Under such circumstances independently-thinking directors with initiative were simply eliminated. Now the situation has changed. Labor collectives and production do not need a person on a string before the administration but a real, independent manager knowledgeable in the area of economics, knowing how to work with people and able to persistently defend the interests of his enterprise.

Since 1988 380 sovkhos directors and kolkhoz chairmen and 3,500 middle-link managers have been elected by labor collectives under conditions of openness and extensive glasnost. Over 3,000 management cadres and about 200,000 specialists passed recertification and were recommended for further work. However, there has been no serious change in improving quality.

Let us look at who manages labor collectives in the village. Basically it is yesterday's agronomists, zootechnologists and engineers. Only ten percent of them are economists. With this kind of cadres structure how can we move economic reform forward?

It is essential to radically reexamine our approach to the development of a quality reserve of directors and to the organization of their training. It is not proper that of the people who have gone through special training only one out of eight is selected for the post of director or chairman, and in Pavlodar, Semipalatinsk, Taldy-Kurgan and Chimkent oblasts—one out of 14.

Here it is important to know how to find real leaders in labor collectives and to teach them using real examples and the best directors, people such as Nikolay Nikitich Golovatskiy and Ibraimzhan Kozhakhmetov of Taldy-Kurgan Oblast, V. I. Shubin of Uralsk Oblast, Zh. Yeraliyev and N. P. Saparov of Chimkent Oblast, I. I. Miller and O. M. Pal of North Kazakhstan Oblast, I. D. Zhanguرازov of Tselinograd Oblast, S. Dadabayev and R. Sabdenov of Dzhambul Oblast, M. F. Artemuk of Kustanay Oblast, and many others. Unfortunately, we have more examples of the opposite case. In only 4 years over 1,100 sovkhos directors and kolkoz chairmen, or almost half of the available staff, have been replaced; the corresponding figures for Guryev Oblast are two-thirds of the total, and for Alma-Ata, Dzheshkazgan and Uralsk oblasts—65 percent. Moreover, every fourth enterprise director was fired from his post for misuse of his position. This was the reason for the firing of A. A. Shtolts, director of Novosvetlovskiy Sovkhoz of Kokchetav Oblast, T. Tashkeyev, director of Kazakhstan Sovkhoz of Guryev Oblast, A. R. Tserr, director of Petropavlovskiy Sovkhoz of Kustanay Oblast, and M. Abdrakhimov, chairman of Kolkoz imeni Abay of Chimkent Oblast. In Sverdlovskiy Sovkhoz of Uralsk Oblast three directors were replaced in the course of 5 years; the last one, A. K. Kurakov, was removed a year after his appointment. As we say, no comment is necessary.

No less urgent is the question of educating leasees, farmers and cooperative members since little benefit is derived from illiterate people. On the initiative of the Kazakh CP Central Committee teachers were trained to educate leasees. However, as often happens in our country, the very useful work that began actively began to flounder. There is formalism in the education of leasees and there is an absence of a close tie to practical matters. The educational process does not have as its goal the introduction and assimilation of new management forms.

The high turnover rate of specialists in enterprises is cause for alarm. As a rule each year one-fifth of senior agronomists and engineers and one-fourth of zootechnologists and veterinarians must be replaced. The turnover rate for cadres is high in Kustanay, Chimkent, North Kazakhstan and Tselinograd oblasts.

It is essential for us to take measures to improve the quality of education of students in the republic's higher education institutions. First of all we must select and provide an education for talented, enthusiastic young people and not for those who have no intention of working in the village in the future. We must reexamine the educational process, to tie it to practical experience and to decisively get rid of chronically-lagging students. We must pay closer attention to those who are teaching our youth, to their ability to educate the modern specialist or the future director of the collective.

In recent years we have clearly ignored moral stimuli and have rejected rewards and other incentives. This is not

right. At the present time upon our initiative a large group of workers from the agroindustrial complex will receive state awards. I think that locally too the situation should be corrected in this regard, after all, as they say, man does not live by bread alone! Trade unions and the komsomol must pay more attention to improving the spiritual incentives of peasant labor.

Comrades!

Today all of us must live and work under unusual circumstances. We have gathered you together in order to confer and together to determine specific and immediate measures for the practical implementation of the party's contemporary agricultural policy.

The Buro of the Kazakh CP Central Committee is reporting that the problems that we have to deal with in connection with the fulfillment of the decisions of the March 1989 Plenum of the CPSU Central Committee represent the highest degree of complexity and touch on the fundamental essence of economic, social and moral life of the village. For this reason we do not consider the judgements expressed in the current speech as the latest truth. On the contrary, we hope that from this tribunal you will share your experience and your thoughts on the ways to improve economic relations within the republic's agroindustrial complex and that you will make fresh, innovative and of course constructive proposals regarding these important and urgent problems.

MACHINERY, EQUIPMENT

Progress, Problems in Meeting Equipment Needs for Peasant Farms

Follow-Up Letters to Silayev Article

904B0210A Moscow ZEMLYA 1 L. 1DI in Russian
No 18, 27 Apr 90 p 3

[Letters to the editor compiled by G. Vasilyev and Yu. Grachev under the rubric "Letters to the Editor": "Follow-Up—What Equipment the Peasant Needs"; Silayev article was published in JPRS REPORT: Soviet Union—Economic Affairs UEA 90-012, pp 36-38]

[Text] *The article by USSR Council of Ministers Deputy Chairman I.S. Silayev "Reliable Equipment for Peasant Homesteads" (ZEMLYA 1 LYUDI No 2 of 5 January 1990) elicited a multitude of letters to the editors from our readers. Those who wrote are principally those with a serious concern for the development of peasant and private subsidiary plots, vegetable gardens and orchards. Everyone has his own opinion on that score. But literally every letter discusses the shortage, and sometimes complete lack, of equipment for cultivating small fields and plots.*

This is understandable. Domestic machine building has been trying to set up the mass output of small equipment for more than a decade. But this matter is advancing very

slowly. The demand for small-capacity equipment is significantly outstripping demand. This problem is becoming even more acute with the USSR Supreme Soviet's adoption of the "Fundamentals of the Legislation of the USSR and the Union Republics on the Land."

I Want to Be the Master of the Land, But...

According to the Fundamentals of Legislation on the Land, I want to lease a plot and become the true master of it. I am thinking of managing about three or four hectares as a start. I don't have enough knowledge or experience, as well as the means, for more. I would like to bring that holding to 20-30 hectares with time. But I need the appropriate equipment to work it. Everyone is writing about the single-axle garden tractors more and more today, but I feel that a tractor with 20-30 horsepower is needed first of all for the normal pursuit of peasant farming. The appropriate implements for it are needed as well. They are unfortunately not for sale. The idea unwillingly arises—how can the peasant farm get on its feet?...

[signed] L.G. Borisovskiy, fitter. Zhitomir Oblast.

There are many people here in Kamchatka that would like to set themselves up with some land and organize subsidiary farming on it. But here is a question—how can a cow, for instance, be maintained on such a farm without the corresponding equipment? Our family is in great need of a butter churn, a milking machine and an incubator. And as they say, you can't find them anywhere in the towns.

[signed] V.N. Tikhonova, Kamchatka Oblast, Bolsheretskiy Sovkhoz.

I live in the village and engage in subsidiary farming, and I am trying to make the contribution I can to the fulfillment of the Food Program. But here is the misfortune—I bought a Czechoslovak MG-70 motorized mower four years ago, and it recently broke down. And I can't find spare parts anywhere. They say no in the stores, and that's it. I don't know what to do now. I will say, by the way, that you can't find spare parts for other small-scale equipment in the towns as well.

[signed] V.P. Volkov, village of Dedushkino, Chaikovskiy Rayon, Perm Oblast.

We live in Chita Oblast in a small town. Many residents here engage in subsidiary farming and have gardens or subsidiary plots or keep all sorts of poultry. There is a great shortage of small-scale equipment. I, for instance, have great need on my farm for a roller grinding mill, a hulling mill and a grain crusher. If it is possible, help me buy this equipment or send my letter to the plant that produces it.

[signed] A.F. Yanenko, Krasnokamensk, Chita Oblast.

Haymowing time has arrived. And I have nothing to prepare hay for my cows. Would that there were even a horse-drawn mower, but those are not even for sale. The

grass is growing well in the ravines, forest groves and everywhere. But it burns up in the sun if you don't harvest it in time. They used to sell horse-drawn mowers here, we had no cares. Now what?

[signed] Ye.M. Biryukov, town of Log, Ilovinskiy Rayon, Volgograd Oblast.

Much has been written on the resurgence of buckwheat plantings in the Non-Chernozem Zone of Russia. But if someone decides to cultivate it on his own plot (be it a farm, a leasing collective, a cooperative or a private enthusiast), the almost complete lack of any equipment has become an obstacle to him on that path. We are taking such a simple domestic piece of machinery as the hulling mill to separate the buckwheat seeds from the shells. We owners of subsidiary plots have looked everywhere for help in acquiring it, but there is no answer. We also wrote to the Khoten RTP of Sumy Oblast, whose collective has put out an information sheet on the invention of such a device. The result was the same—silence.

We would be glad if the editors would include a blueprint of a hulling machine in the pages of the journal. It is, after all, a simple piece of equipment. Maybe we can make it ourselves.

[signed] L.V. Khomutov, city of Yaroslavl.

What Makes the Vladimirovets Tractor So Good?

I read the article "Reliable Equipment for Peasant Homesteads" that was printed in ZEMLYA I LYUDI on January 5 of this year, and as a person who has spent his whole life engaged in agricultural labor, I say that the author is mistaken on something. What do I have in mind? He asserts in particular that we, rural residents, dream of having small-scale equipment of the MB-1 and Krot garden-tractor type at our personal disposal. Today the majority of us would like to have on our farms such machinery as the T-25 tractor (any model) from the Vladimir Tractor Plant. The point is that many peasants, I among them, already have MB-1 and Krot garden tractors. And we have come to the conclusion that this equipment is just for those who have a subsidiary plot smaller than 2-3 hundredths and have a single goat, and not a cow, to feed.

Furthermore, anyone who has a subsidiary plot of more than 15 hundredths and has cows, goats and poultry in the yard, one or two calves, a few pigs and who produces agricultural output for more than his own consumption, needs more powerful equipment.

In order not to be unsubstantiated, I will cite two specific examples from my own peasant practices. I have cows, calves and ten sheep of the Romanov breed on my private plot along with all sorts of small poultry. From October to June (with small differences in time) a cow has to be fed with hay, as they say, from the winter stall ration. It needs roughly four thousand kilograms of hay overall. I have an MB-1 garden tractor. I can haul 200

kilograms of hay at a time using it. In order to put all four tons up, I have to go there and back 20 times! The hay is laid in far from the house, and a single trip by garden tractor takes about eight hours, a total of 160 in all.

If I had a Vladimirovets tractor (of any model) at my disposal instead of a garden tractor, I could bring in four tons of hay in four trips, taking just about thirty hours for it in all.

Now another example. We need about 25 cubic meters of firewood a year to heat the house my family lives in, prepare feed for the livestock and to heat the bath. I have to make no fewer than 50 trips to get it from a remote woodland using a garden tractor, spending about two months on it. I could manage it all in seven trips with a T-25 tractor.

The difference, as we see, is great. What happens? Even with the use of my own garden tractor, I have to hire the kolkhoz tractor all the same.

If the basic focus is thus placed only on mini-equipment, there will be no great progress in the development of the private peasant farms. And that means that the shelves of the stores and markets will not be groaning with an abundance of produce for a long time still.

The Perm Oblast consumers' union announced at the end of 1986 that the population of the oblast would be able to buy T-25 tractors. There are about five hundred people who want to buy this piece of machinery in our rayon. Four years have passed since that announcement, but the Vladimir tractors have not appeared for sale. I tried to find out why. They explained to me that many fewer of these tractors are produced than the requisitions that have come in from the public. But now I find out that the T-25 tractor is being taken out of production as a "functionally obsolete model," and the plant intends to produce the new T-30A model in its place.

How are we to understand all of this? I am no opponent of technical progress. But why does it have to be done at the expense of the premature curtailment of the production of the T-25 tractor, which enjoys great demand? It entirely suits us peasants, including myself personally, for today in both its operating parameters and in price.

[signed] V. Osokin, peasant. Village of Tokcha, Cherdynskiy Rayon of Perm Oblast.

How to Feed a Hundred People

Recently we received a letter from reader M. Isengaliyev, a lessee from the Kzyl Tu Kolkhoz in Dzhambeytinskiy Rayon of the Urals Oblast of the Kazakh SSR, in which this same problem is posed somewhat more broadly.

This year I subscribed to the weekly ZEMLYA I LYUDI. The material published in it is very interesting to me. I

find no little that is valuable and useful to employ in my own practical work. The second issue of the weekly, which was written for us laborers in the villages from start to finish, sticks in my memory. I found out a great deal about new small equipment. This equipment is very essential on peasant and private subsidiary farms. But unfortunately, very little of it reaches the market. I therefore want to appeal to the machine builders through your paper with the request to augment the production of it more quickly.

I also found out that a single farm worker "feeds" roughly a hundred people in the Netherlands. We cannot yet boast of such results. Lessees either. And one of the reasons for this situation is the acute shortage of mechanized equipment. If I had the same Zorka fattener that is mentioned in your weekly, I could support perhaps 50 people. And that is not just words. Behind them lie the estimates I did with a regard for the equipment described in the paper.

ZEMLYA I LYUDI publishes a great deal of material describing various technologies, devices and contemporary machinery and equipment. I would like it if those descriptions were more detailed, and as a large request to give the most complete descriptions of the innovations. It would also not be superfluous to present data on how much they cost, and where and how they may be obtained. This would be a great help to the work of the toilers in the fields and on the farms, and especially to those who are genuinely engaged in the pursuit of private peasant farming in accordance with the new Land Law.

Analogous desires were also expressed in the letters of many readers of the weekly, and especially V. Katayev of Perm Oblast, Yu. Kazmukhanov of the Leninskiy Sovkhoz in Alma-Ata Oblast, the mechanics from the Avangard Sovkhoz in the Udmurt ASSR and the animal breeders from the Zarya Sovkhoz in Rostov Oblast, among others.

From the editors: A conclusion can be drawn from analyzing the letters of the rural laborers who replied to the article "Reliable Equipment for Peasant Homesteads." Today, when radical economic transformations are underway in the country's economy, when the attitude of people toward their basic wealth—the land—is changing, the contemporary peasant is displaying more and more interest in medium-capacity machinery, not just small-capacity, in what will help in raising larger land holdings, in organizing farm operations.

But while the sale of small equipment (albeit in insufficient quantities) is done through the stores of the rayon consumers' unions, the larger equipment goes through the rayon agricultural supply houses to the kolkhozes, sovkhoses and other enterprises of the agro-industrial complex. Individual landowners have virtually no opportunity of acquiring it for personal use.

USSR Gossnab in the person of the rayon agricultural supply houses, in the words of Ye.F. Yanchenko, the lead engineer of the department for the development of the production of consumer goods at USSR Minavtoselkhoz-mash [Ministry of Automotive and Agricultural Machine Building], is not displaying the proper interest in organizing such trade. The distributive principle in their activity remains the prevailing one, even though the sale of tractors and other heavy equipment to peasant farms has been charged to precisely those organizations by government decision.

Equipment Sales, Prices, Obstacles

904B0210B Moscow EKONOMICHESKAYA GAZETA
in Russian No 37, Sep 89 pp 12-13

[Article by KONTAKT supervisor V. Denisov under the rubric "Feedback": "The Tractor of My Dreams..."]

[Text] "I am a confirmed advocate of lease relations in the towns," writes EKONOMICHESKAYA GAZETA reader A. Storozhevskiy from Kalinin Oblast. "And although I am not ready to become a farmer right now, I could help as much as possible if I had the opportunity of buying a T-25 tractor with a set of trailers and add-on implements." V. Keldinov from the town of Potma in the Mordovian ASSR, who has an aspiration to engage in individual activity after his basic work, as many other readers do, would like to buy a T-40 model tractor.

And here is a letter from Bulgarian Yordana Yordanova from the city of Blagoyevo in the Komi ASSR: "I am a Bulgarian farmer who came to the USSR for temporary work on contract for a single purpose—to earn money and buy a T-25A tractor, my longtime dream, without which it is like being without hands on the farm. Where do I turn to get information on buying it?"

There is another group of letters in the editors' mail as well. Their content is similar to those that have already been quoted, only the word "tractor" has been replaced with the word "truck."

"The Stroitel Cooperative is appealing to you. We want to acquire a truck to offer consumer services to the public—hauling brick, timber, slate to houses..." This letter is from the town of Priazovskoye in Zaporozhye Oblast.

"If I am able to get a KamAZ with a trailer, I will help in the shipment of state freights..." This letter is from professional driver E. Shander, who lives in the city of Chudovo in Novgorod Oblast.

The desire to obtain a truck for the purpose of using it for individual or cooperative labor activity was also expressed by readers V. Chernyayev from Vladimir Oblast, M. Gadisov from the city of Buynakskaya in the Dagestan ASSR and many others.

So the desire exists. But opportunities? They are unfortunately still very modest, since the ubiquitous shortages have not skirted this realm either. Judge for yourself—the need for wheeled tractors, according to the data of Tsentrosoyuz [Central Union of Consumer Societies], totals about 50,000, while just two thousand have been sold in all of this year. Some 539 trucks were sold to cooperatives and lessees in 1988, while the number of requisitions was approaching eight thousand by 1 Jan 89.

There is only one thing good—all of the ministries and agencies from which the KONTAKT supervisor received information on this problem were genuinely interested in solving it as fast as possible and making every effort to do so.

What must be done to acquire this equipment for personal or cooperative ownership?

It must be kept in mind first and foremost that the USSR Central Union of Consumer Societies is engaged in the selling of tractors. It is thus necessary to address the rayon consumers' union by place of residence in order to buy a tractor. All of the requisitions "flow together" at the Tula Wholesale Base of Tsentrosoyuz, where they are satisfied to the extent of the receipt of the products. Everyone who wants to can get in line to buy a tractor. There are not yet any precise data on how many or which tractors will be sold to the public next year, but they are promising that the sales volume will increase.

The sale of trucks is under the jurisdiction of the USSR Ministry of Automotive and Agricultural Machine Building. It is accomplished through republic production associations for automotive service, which have a far-flung network of technical maintenance stations [STO]. One must thus address the nearest STO according to where one lives in order to get a truck.

Letters from readers that have already acquired or are ready to acquire a truck for individual labor activity but have run up against the problem of registering it at the organs of the GAI [Main Automobile Inspectorate] are also encountered among the mail from readers. The local organs of the GAI, as the KONTAKT supervisor at the USSR MVD [Ministry of Internal Affairs] explained, actually register only cooperative trucks according to the statute that prevails today. The ministry, however, in conjunction with other interested agencies, has proposed to the USSR Council of Ministers that the existing

restrictions be abolished, and there are grounds to suppose that this issue will be resolved in positive fashion and in a short time.

Now prices. One and the same piece of equipment is sold at wholesale or retail price depending on the "status" of the buyer. The equipment is sold to the buyer at wholesale if he is obliged to sell the products obtained or render services with the aid of the purchase at state prices. If he intends to set his own prices (retail or contract), then the tractor or truck is sold at retail.

The prices are as follows (in rubles):

Model	Wholesale price	Retail price
Tractors:		
—T-25	2,540	5,500
—T-16	3,150	6,000
—T-40	3,260	7,300
Trucks:		
—YerAZ	2,770	10,000
—ZIL	5,470	40,000
—KamAZ	13,700	63,000

It should be kept in mind that these are tentative prices. They may vary depending on the model of the item.

HOUSING CONSTRUCTION

Housing Construction Plagued By Shortages, Administrative Problems*904D0095A Moscow IZVESTIYA in Russian
23 Mar 90 Morning Edition p 1*

[Article by E. Gonzalyez]

[Text] Last year, fewer dwellings were built than originally intended. The results in figures have already been published, but in order to advance from quantity to quality, we will reveal still one more: 41.4 percent of the annual housing volume was turned over for operation in December. In essence, during the last days prior to the new year. There are oblasts, krais and even republics where the rush work proportion of construction is 50-70 percent.

One year ago, it was difficult to even imagine such a statistic. However, some specialists are inclined to explain today's failures based upon successes achieved in past years. Two to three years ago, construction work was carried out at a rate that cannot be achieved today—there is no stockpile. Moreover, we lack not only "boxes" and foundations, but also tracts of land with roads, lines of communication and networks.

Second: there is nothing with which to build. There are catastrophic shortages of linoleum, elevators, carpentry items, heating batteries, bathtubs, sinks and many other products. The shortage is measured in millions of meters and items and that which is available arrives at the construction site only several days earlier than the acceptance committee, or several months later (an exception). It is said that the distribution mechanism upon which delivery discipline is dependent is no longer in operation and that the market relationships have still not been formed.

I do not know if such an explanation will satisfy a family that has been waiting for an apartment for 10-15 years, for example in Krasnodar Kray, in Orenburg or Kursk oblasts in the RSFSR, in Kiev or Sumy oblasts of the Ukraine or in Tajikistan. It was precisely in these cities and regions that the controlling organs recently carried out an inspection, following which the recommendation was made to exclude 54 dwellings, three kindergartens and two medical institutes from statistical reporting.

The transgressions (or crimes) of participants in a building project can be reviewed beginning with direct eyewash and deception. In Orenburg, two homes were included in statistical reporting despite the fact that the state committee refused to accept them. Following a number of years of testing of contrivances, there were still two homes which were accepted without floors, wallpaper, bathtubs, sinks, painted windows and doors. And how many homes were there which had floors and windows and still nobody was allowed to live in them?

If you please, such homes constituted a majority of those turned over for operation at the end of the year. In Kiev, the Main Administration for Capital Construction reported on the placing in operation of three homes. What condition could they have been in if there were still 300 builders working there during the second half of January?

The first unfavorable conclusion: last year, less housing was actually built than the amount indicated in the statistical reports. Following a great amount of work involving courts and sentences, it became apparent that additions represented a stage that we had already endured. And until we "consumed" the construction stockpile and until there was something more to report, there was no need for any mention of additions. At the end of last year, it appeared as though everything had turned around.

A question: could it have been otherwise? Answer: by no means. If a review was undertaken of all the participants in the construction project for cities and settlements, from planners to gorispolkoms [municipal executive committees], then it would be discovered that they were almost identically interested in additions. Everything in one bunch clambers to the top in behalf of the "plan." The bonuses, respect and advancement in service are all dependent upon the height of the ascent. There is only one uninteresting "organization" in the additions—the line waiting to obtain housing. But it was precisely this line that was removed without a trace from control over the quality of the construction.

It is interesting to follow the changes in the organization of construction, for example, in Moscow. Formerly, there was Glavmosstroy [Main Administration for Housing and Civil Engineering Construction in Moscow City], GlavUKS [Main Administration for Capital Construction], GlavAPU [Main Architectural Planning Administration] and so forth. Subsequently, they began dividing up the main construction administration in accordance with the natural bureaucratic law. Soon the main construction administrations developed to such a point that once again the question arose regarding coordinating their activities. An association was started. Today, everything is included in Mosstroykomitet: those who build and also those who control and evaluate the quality of the operations. Something similar occurred in a majority of the union republics.

It is possible that this was only a coincidence in time and yet last year in Moscow, for the very first time, the plan for housing construction was not fulfilled.

However, in addition to customer-contractors, construction also has its professional controllers of Gosarkhstroykontrol [State Architectural and Construction Control].

"First of all, they are included in the table of organization of ispolkoms [executive committees] and thus they are not as independent," stated D. Grishin, chief of

Gosarkhstroykontrol. "Secondly, in the case of any reduction in the staff of the ispolkoms, everything begins with our inspectors."

True, at the present time a type of antidote for both subordination and reductions has been found—cost accounting. In some oblasts (mainly in the Ukraine), this is already the second year that the inspectorate of arkhstroykontrol is concluding contracts with clients and exercising control over the quality of housing, so to speak, for a separate payment. Moreover, with a guarantee for the service life of a dwelling. D. Grishin reported that the most impressive result was realized in Sevastopol and that in the future such cost accounting relationships must become the universal norm.

But quite often the advantages of cost accounting are lost along the road leading from an experiment to this same "universal norm"! Dmitriy Nikolayevich tolerates fully this danger. Generally speaking, it is his belief that the problem of construction quality can only be solved when the consumer exercises control himself. Not the client, who clearly represents the interests of a new settler, but the future new settler himself.

Indeed we have already attempted to include the new settlers in this work—together with their savings. It is recalled how they ventured to finish off an apartment on the basis of preliminary orders for an additional payment. And what happened. It turned out that the shortage was stronger than the desire to obtain the money of the new settlers.

Here we have in mind a shortage of construction capabilities, materials, plans and, as a result, apartments. If we require a conversion somewhere, then in my opinion it should first of all be in construction. Theoretically, it is proceeding at full speed—capital investments in production construction are declining in the billions of rubles, with the plans calling for funds to be pumped into the social sphere. But from a practical standpoint, above-norm unfinished construction of enterprises is increasing, the funds are being obtained from somewhere and very few of the builders are giving any thought to retraining. On each occasion, one can find very convincing arguments in favor of erecting still one more department or plant. On each occasion, it turns out that the conversion of a construction subunit over to housing construction is simply impossible.

But in this manner we will never solve the housing problem. Let us frankly admit: today we are unable to handle the planned volume of housing construction. And indeed this is very little insofar as realization of the housing program is concerned: each year the number of families being formed throughout the country is exceeding to a considerable degree the number of apartments being built and still we have a housing line of many years standing. A decisive changeover of builders from production installations to civil purposes is just as inevitable as the conversion of the defense industry.

MACHINERY, EQUIPMENT

UDC 621.873.35.004

Need to Improve Tower Crane Availability Examined

904C0011A Moscow STROITELNYYE I
DOROZHNYE MASHINY in Russian No 2, Feb 90
pp 11-13

[Article by engineer T.Ya. Yeliseyeva of USSR Gosstroy [State Construction Committee] and Candidate of Technical Sciences V.I. Polyakov of TsNIIOMPT [Central Scientific-Research and Experimental-Design Institute for the Organization, Mechanization and Technical Assistance of Construction] under the rubric "Lifting and Hauling Equipment, Elevators": "Requirements for Tower Cranes Under Contemporary Construction Conditions"]

[Text] The vast program of housing construction in the USSR can be realized on the basis of the high mechanization and industrialization of the whole construction complex.

Tower cranes—whose design is being improved constantly with a regard for the requirements of modern construction technology, the assurance of a high technical level machine safety and world achievements—remain the leading lift machinery for the erection of housing and cultural or public buildings. The parameters, and partly the design, of the tower cranes are closely linked with the architecture of the buildings and the mass of the structural elements being installed. The basic directions for the development of tower-crane designs must therefore be selected allowing for the development prospects of housing construction.

The share of large-panel buildings will comprise about 43 percent, while brick will be 30 percent and cast concrete 11 percent, in the 13th Five-Year Plan. The new construction program provides for a sharp increase in the amounts of cast concrete home construction. Construction patterns by the number of floors testify to the fact that buildings of up to 5 stories inclusive will be 65.5 percent, to 9 stories will be 21 percent and 10 stories or more will be 13.5 percent as before.

About 38,000 tower cranes are currently in operation in contract construction, of which 90 percent are cranes with lift capacity of 5 (31 percent) and 8 (59 percent) tons. The number of cranes with a lift capacity of 10 tons or more does not exceed 10 percent, which cannot be deemed proper in connection with the increasing mass of the assembly elements. The following breakdown could thus be recommended for the tower-crane inventory by the year 2000: 45 percent with lift capacity of up to 8 tons, 40 percent at 10-12.5 tons and 15 percent at 12.5 tons and up.

Construction is the principal consumer of tower cranes, and takes up to 80 percent of their overall production

volume. An analysis of the output patterns of tower cranes in 1988 showed that 75 percent were 8-ton cranes, 23 percent 10-ton and 2 percent 25-ton, i.e., construction is being systematically under-supplied with 10-ton cranes.

The height features of the cranes are figured (at the maximum extension) to support principally 9-14-story buildings. Only the KB-308A¹ in its conventional design and the KB-309KhL in its northern design are intended for the erection of 5-6-story buildings. It is not surprising that up to 60 percent of the KhL cranes are going to areas with temperate or even hot climates in view of the limited output of such cranes with the U design. There are consequently no tower cranes today for the erection of buildings under 5 stories, including for cultural and public or agricultural construction (with the exception of the ABKS-6 crane), or houses over 14 stories. Buildings 22-23 floors high are built using the KB-573 detachable crane, as well as the movable KB-674A with a lift capacity of 12.5 and 25 tons. The production of cranes for the zero cycle has not yet been assimilated, with the exception of a single design of the KB-674A-13 crane that was put out in the form of experimental prototypes.

Concrete-placer cranes, cranes for cast-concrete housing construction and cranes for operations under steppe conditions are all lacking. Expansion of the production of cranes in northern versions is required, since the construction volumes in the northern regions are growing steadily. The output of the KB-309KhL cranes, at 9 percent of the overall volume of cranes and in only one standard size (with a lifting moment of 125 ton-meters), is at most half the requirements of the construction workers, taking into account the actual deliveries. The assimilation of the KBM-401PKhL crane with a lifting moment of 160 ton-meters and the bringing of its output to 700 units a year is essential.

The construction workers have been forced to manufacture tower cranes using their own resources, especially the plants of the Moscow City Ispolkom—making the KB-504, KMRS-300, KB-404 and KB-404M—and more than ten affiliated plants making the KB-503, MSK-400, KB-403A, KB-405.1A and KB-405.2A cranes for surface work.

Analysis of the structure of the crane inventory shows that about 32 percent is comprised of machinery that has outlasted its service life; this percentage is tending to increase. Only about 25,000 tower cranes can thus be considered workable, not 38,000; the rest of the cranes are subject to write-off.

About 56,000 operators are employed with the prevailing shift factors of tower-crane utilization in contract construction. More than 130,000 people are engaged in keeping the cranes in workable condition, 56,000 in repair and maintenance for the cranes, 20,000 for the laying of crane track and 60,000 in the installation, dismantling and transporting of cranes. The labor productivity of this category of workers should be raised to

a considerable extent through improvements in the quality of cranes, increases in their mobility and reductions in the labor-intensiveness of installation via increases in the level of assembly of the machinery in its transfer.

The quality of the machinery had dropped sharply in recent years with a simultaneous rise in requirements for it. Only two models of cranes, rather than six, are now being produced with the State Seal of Quality.

Up to 80 percent of machinery failures are connected with flaws in the electrical equipment (electric-brake coils, electric motors, electro-hydraulic plungers and switches, among others). The circuitry of the electrical equipment is too complicated. The panels are not of modular design, defining the prolonged and difficult nature of the elimination of defects. Extra skilled personnel must thus be maintained for repair operations due to this.

A study of cranes in operation revealed substantial design shortcomings, especially in the cable reels. The mutual replaceability of tower sections is not provided for; the paint, as a rule, does not last long; the undercarriage and the OPU are of the 1st category of quality. All of the cranes being produced actually have design configurations (flanged joints for the tower sections, cable installation, traditional mechanisms) that are 10-15 years old.

The technology for the assembly and dismantling of the tower cranes is too complicated and labor-intensive as before. A team of installers with five or six men is needed to ensure safety in installation, as well as installation tooling, attachments and additional jib cranes with a lift capacity of 10-40 tons.

The level of standardization of parts and assemblies has dropped substantially. A large number of various sizes of freight and carriage winches has appeared, as have various crane operator's cabs.

The materials-intensiveness of tower cranes is higher than the best foreign models in the utilization of conventional steel. Ergonomic indicators (field of view, cab climate, ease of control) are inferior to analogous cranes. The air conditioners work only in the cooling mode, and with much noise.

Improvements in the business mechanism in the construction complex and the necessity of achieving a high technical level allowing for the specific domestic nature of the employment of construction equipment define the new requirements toward tower cranes:

- the development of modular designs from standard elements;
- simplicity and reliability of the machinery;
- technological substantiation for the basic parameters;

- improvements in design solutions with a regard for the service life of the machinery;
- the creation of machinery with varying degrees of completeness of the assembly units according to customer requirements depending on the production and climate conditions;
- a high degree of mobility and transportability;
- the achievement of the necessary comfort proceeding from the provision of normal working conditions for the operator; and
- the setting of wholesale prices that ensure a useful economic impact in the process of operation.

It should be noted that the modular-unit design—in which individual units may be removed and ensuring complete interchangeability, the rapid installation of the units in a single piece of machinery and the possibility of using them in machinery of the corresponding standard sizes—will make it possible to reduce the time and labor-intensiveness of the technical maintenance and repair of the machinery.

Tower cranes with a lifting moment of 100-400 ton-meters and distinguished by the lifting-height properties and type of drive have been designed for the first time in domestic construction-machine building.

The developers and manufacturers, however, are assimilating the new machinery too slowly, trying to substitute modernized cranes for them that do not meet the contemporary requirements of construction.

Only the KBM-401P crane, out of the five models of modular cranes, was submitted for acceptance testing in 1987. Its production volume for 1990 will be 20 percent of total output. Other standard types of cranes—the KBM-301, KBM-571 and KBM-671—have not yet been submitted for acceptance testing, while the cranes with a lifting moment of 100 and 250 ton-meters that are in the preliminary-testing stage have not been recommended for series production.

The output of the KBM-401P crane has been mastered at the Rzhnev Crane-Building Plant using a tramway system of installation; quick-removal section joints for tower and span sections have not yet been employed; standardized modules have not been created.

The assimilation of series production of cranes in a modular system according to the requirements of USSR Gosstroy would allow the construction workers to obtain cranes of various designs for the diverse conditions of production, including for various wind and climate regions.

The Mechanization and Construction Technology Administration of USSR Gosstroy has assembled information on the types of essential designs for cranes, types of drives and design solutions for the assembly elements.

This approach was dictated first of all by the considerable discrepancy in crane prices for base models and those with a full set of constituent items (up to 25 percent) for various operating conditions. The first poll showed that the mechanics have a preference for a tram installation system in two speeds and with a switchable reduction gear for the winches; most of them feel that the operator's elevator should be installed on the cranes at a cab height of 40 meters; movements on curved paths are not envisaged, and the air conditioner is used only in areas with hot climates.

The results of the poll do not provide an unequivocal answer on the amount of utilization of cranes with turning and non-turning towers, with upper and lower tower extensions, with lifting and beam booms and with various types of drive for the lift winch. It seems expedient to conduct comparative tests of cranes of various types.

New machinery is effectively being created with experimental prototypes, and the construction workers will consequently be forced to bear greater material expenditures due to the incomplete nature of the design solutions.

The sphere of application of tower cranes is constantly expanding—cranes are needed for rural and village construction, for the erection of buildings of reinforced-concrete blocks, cranes using various running gear and for operations under various wind and climate conditions. The time periods for the assimilation of the new and efficient high-reliability machinery remain quite long.

It would be expedient, in order to reduce the time periods for creating the new equipment and raising its technical level, to create a unified "science—planning—production—testing—construction site" system based on the SKTB [special industrial-design bureau] for tower-crane construction and experimental-test production, since the plants are unwilling to take on the manufacture of experimental prototypes. Tested and verified designs should be shifted to series production. This would make possible a substantial rise in the reliability of the cranes and, in the end, an increase in their production volume.

The output of cranes must be brought to 5,000-6,000 units as fast as possible, which would make it possible to free up the plants of the construction ministries from tasks uncharacteristic of them, as well as to increase substantially the output of cranes in series-production designs, including with a lifting moment of 160-250-400 ton-meters.

The necessity of developing and rapidly incorporating tower cranes (including with concrete-pouring booms) for the construction of cast-in-situ buildings and the construction of buildings of a few stories in the villages, as well as loading cranes in jib form with the maximum standardization of assemblies, should be taken into account.

The machine builders should simplify the existing electrical drives for the cranes used in mass construction, as well as resolve the issue of their regular servicing, in order to raise their reliability.

Many of the wishes of the construction workers concern improving the working conditions of the operator and support personnel. Elevators must be used, visibility improved and comfort raised.

The creation of foot-bearing devices, push trucks and winches that meet the requirements for the mobile shipment of tower cranes with a lifting moment of 100-400 ton-meters in accordance with the Traffic Rules must be accelerated.

The transition to series production of modular tower cranes that are more complex and better powered in design terms requires a rise in the level of operation. It is important to organize the training of support personnel at the manufacturing plants, in courses and in the classrooms of the construction organizations.

The price of the machinery is gaining paramount significance under the conditions of economic accountability and self-financing. Tentative data show a considerable excess of the prices for modular cranes of the installed series over the price of conventional cranes of the same lift capacity that is not always justified. Prices for the base machinery should be instituted along with separate prices for the basic constituent items (operator's elevator, air conditioner, various types of lifting-winch drive, etc.).

The new technological capabilities and high price of the modular cranes define the necessity of their efficient use—operation up to the 5th wind region (rather than the 3rd), with boom lengths of 40-50 meters (versus

25-35) and the selection of crane version that corresponds to the height of the buildings being erected. Construction organizations and scientific and design-engineering institutes should be guided by these specific features when operating modular cranes, in their calculations of economic efficiency and in the development of the process flow sheet.

The issue of the metals-intensiveness and cost of the crane is a topical one, depending directly on the mass of the elements being installed in it and affecting the spending in construction production. It would be expedient if the consumption of metals for the mechanization equipment were taken into account when designating the greatest mass for the design elements, accounting for their share in the buildings and differentiating the incorporation of heavy elements in buildings with various numbers of stories and purposes.

It also seems expedient to create a **Coordinating Council for Tower Cranes** that includes representatives of USSR Gosstroy, Goskomarkhitektura [State Committee for Architecture and Town Planning], design engineers, manufacturers and operational workers in order to resolve issues of improving the cranes, increasing their output and developing types of cranes with a regard for the proposed types of buildings and operating conditions. This would make possible the efficient resolution of technical issues in the improvement of tower-crane building.

Footnote

1. The decision of the Nikopol Crane-Building Plant to remove the KB-308A crane from production without replacing it with another crane for construction of buildings with few stories was, in our opinion, not the right one.

POLICY ORGANIZATION

Trade Officials Protest RSFSR Trade Abuse Decree

904D0101A Moscow TRUD in Russian 7 Apr 90 Second Edition p 2

[TASS report: "Disputes Commission Created"]

[Text] In the newly created RSFSR Federation of Independent Trade Unions (FNPR), worker collectives from trade and consumer cooperative societies of more than twenty krais, oblasts, and autonomous Russian republics strongly protested the RSFSR Supreme Soviet Presidium's ukase of February 27, 1990, On Increasing Accountability for Trade Abuse and Profiteering.

The address stresses that this legislative act sharpens public opinion against trade officials and creates a situation in which they find themselves socially unprotected and possibly subject to arbitrary rule. In the face of difficult economic conditions and scarcity in the consumer market, the republic's public has raised demands for harsher measures in the struggle against mercenary violations among trade and consumer cooperative societies and for an effort to intercept "shadow" channels in the sale of everyday goods as well as goods in high demand. But as the address stresses, this struggle must be waged by legal means. This ukase, which touches upon the interests of millions of honest trade officials, is in conflict with all-union legislation. Incidentally, as the document points out, the ukase was issued without taking into account the opinion of the trade union branch committee or the RSFSR Ministry of Trade.

The Russian Republic's trade union committee of trade and consumer cooperative society officials formed a disputes commission, which has held its first meeting in Moscow. Despite an invitation, officials of the RSFSR Supreme Soviet apparat did not attend the meeting.

Having thoroughly analyzed the situation that has developed, the disputes committee adopted a decision to put forward a package of demands to the RSFSR Supreme Soviet Presidium calling for the immediate suspension of the ukase until a number of its articles are brought into conformity with the union legislation that is in effect.

In an interview with a TASS correspondent, L.B. Vyatkina, chairperson of the commission and secretary of the Russian Republic's trade union committee of state trade and consumer cooperative society officials, gave one example of how the ukase deviates from the legal norms in force. She pointed out that according to Article 14, Fundamental Legislation of the USSR and Union Republics on Administrative Infringements of the Law, a citizen cannot be fined more than 50 rubles—200 rubles for mercenary offenses. In spite of this article, the ukase of February 27 stipulates fines many times higher than the established maximum. For example, for trade law violations, whether committed out of mercenary or

other self-serving reasons, or even without such motives, sanctions can go as high as 1,000 rubles.

"We agree," declared L.B. Vyatkina, "that the levels of fines stipulated for a number of offenses today no longer reflect the degree of their real danger and should be raised. But is it right for us to forget that the law can only be changed through legal channels? And it seems to us the USSR Committee on Constitutional Supervision should have a large say in this.

In the view of members of the commission, maintaining the ukase's vague, diffuse formulations could lead to ambiguities in its interpretation and to mistakes and unwarranted actions by supervisory bodies. This would above all damage the rank-and-file workers of the branch. For example, the ukase makes no distinction between the culpability of those concealing goods for the purpose of making a profit and those who do so out of negligence.

"We are asking the Supreme Soviet," said L.B. Vyatkina, "to report to us on the results of their review of our demands by April 15. In the event that immediate and necessary measures are not taken, we reserve the right to act in accordance with the USSR Law On the Procedures for the Settlement of Collective Labor Disputes (Conflicts), right up to conducting warning strikes."

USSR People's Deputy V.I. Romanov, deputy chairman of the FNPR, supported the demands of trade officials at the meeting of the commission and announced the FNPR council's intention to supervise their strict implementation.

Paper Shortage Causes Daily to Barter for Subscriptions

904D0106A Moscow TRUD in Russian 24 Apr 90 p 1

[Article by N. Dorofeyev: "A Pood of Steel for a Subscription: How the Market for Paper Was Created... on Paper"]

[Text] Recently, I interviewed a high official of the ministry responsible for supplying paper to the country's printed organs. We spoke, naturally, of the paper shortage, its causes and potential ways to solve the troubling situation. We agreed that glasnost had come unexpectedly, without being planned.

Had I only known that a few weeks later our publishers would have to apologize for the fact that in some regions of the country TRUD subscribers and readers would not be getting the newspaper, while local printing shops would simply stop printing it. Because of the paper shortage. For the 21.5 million TRUD subscribers, only 19 million copies of the newspaper would be available.

Had I only known then, a mere few weeks ago, that glasnost had not been expected not just in the previous 5-year plan, or in the one before that, when the growth of our paper industry stagnated, but in 1989, as well, when

the 1990 state plan for social and economic development of the USSR was drafted. TRUD was allotted just enough paper to print the same number of copies it was selling at the time the plan was drafted. But a problem occurred: the number of subscribers to our newspaper began to grow. Meanwhile, we not only got the bare minimum of paper, but also with a stipulation that some 15 percent of that paper the publishers would have to buy themselves, in direct transactions with enterprises, since a share of their output would be given to them to sell on their own terms.

What that share amounted to was explained to us at the interindustry contacts department of the USSR Ministry of Forest Products and in the appropriate subdivision of the USSR Council of Ministers. By the decision of the USSR Supreme Soviet, state orders for paper industry enterprises were set at 95 percent. The remaining five percent, or some 94,000 tons of paper, could be sold by enterprises in the free market.

TRUD publishers went to that free market and returned empty-handed. The market turned out to be rather different from the one its founders had imagined. It had goods, but accepted no money, at least not in the usual sense of that word. Paper could be bought there, but not for a payment in "wooden rubles," as people now call our currency, but in exchange for building materials, cement, metal or, in the worst case (!), hard currency. Alas, in a marketplace where barter was king, money was all TRUD could offer.

It was a foregone conclusion. The only thing publishers can now do is to request the "Soyuzpechat" distribution agency to accept subscriptions only in exchange for deficit goods that could be resold in the free market. I have even come up with a tariff: a year's subscription for a carload of drinking alcohol, six months for ten bags of cement and three months a pood of alloyed steel.

An absurdity? Raving madness? Nothing of the sort. That five percent free market for paper is the prototype for nonmonetary economic relations that could very easily take over if everybody shifts to the free market. What will the newspaper TRUD do in this case, since it produces only the printed word which is not subject to barter?

It turns out that glasnost may be limited not just by fiat, as in 1988 when there was an order from above to limit subscriptions. The wave of indignation that swept the country then suggested another, more subtle method. No problems with subscriptions, but you must get the paper yourselves, if you can. And it is hard to object. This is the so-called new economic policy.

Economists Discuss Solutions to Shortages

904D0084A Moscow KOMSOMOLSKAYA PRAVDA
in Russian 20 Mar 90 p 2

[Article by Yu. Kogtev: "The 'Black Holes' of the Market"]

[Text] *The situation which our economy is in today is called critical, alarming, crucial... And yet the greatest anxiety arises when we hear that the present situation is "fraught with unpredictable consequences." So, is there nothing to hope for?*

That is what the economists, sociologists and philosophers who assembled in the editorial office of KOMSOMOLSKAYA PRAVDA one evening recently pondered about. Many foreign publications have forecasting services. We have to repair an omission in this respect. The fact is that one can forestall an undesirable course of events if one can foresee them.

The first subject we asked the scientists to speak about is the situation in the sphere of consumption.

The following presented their opinions on these questions: Doctor of Historical Sciences I. V. Bestuzhev-Lada, head of the social forecasting and planning sector of the Sociology Institute, USSR Academy of Sciences; Doctor of Economic Sciences A. A. Deryabin, professor and head of the price formation sector of the Economics Institute, USSR Academy of Sciences; Doctor of Philosophical Sciences A. F. Zotov, professor and department head of the philosophy faculty of Moscow State University; Candidate of Technical Sciences G. I. Mikerin, department head of the All-Union Scientific Research Institute for the Economic Problems of the Development of Science and Technology, USSR State Committee for Science and Technology [Goskomnauk]; Doctor of Economic Sciences V. M. Rutgayzer, professor and deputy director of the All-Union Center for the Study of Public Opinion, as well as a group of scientists of the economics faculty of Moscow State University under the leadership of Doctors of Economic Sciences P. A. Medvedev and I. V. Nit.

Whom Does the Shortage Benefit

"Every queue is a row of stalls of the 'black' market, an effective method of redistributing incomes in favor of the trade and bureaucrat mafia. The queue is a sure means of humiliating a person and of strengthening the administrative-command system." (I. V. Bestuzhev-Lada) "In any queue a person inevitably experiences a social inferiority complex. In all instances except extraordinary situations, the queue, like its brother, shortage, is caused by artificial methods of distribution." (G. I. Mikerin)

What is to be done in order to eliminate queues which have become, in the opinion of the last author, a sad symbol of our country, a constant source of irritation in society? The answer: remember that the reason for the origin of queues is "the excess of purchasing opportunities (money in hand) over the supply of goods and services." (V. M. Rutgayzer) If that's the case, one needs to achieve a balance between supply and demand, for which one either reduces demand (by increasing prices or reducing the incomes of the population) or expands supply (through increasing the production of goods and services). Let's study each of these possibilities.

The Nostalgia of the Bureaucrat

"Of late, in connection with the breakdown of the market, voices have begun to be heard in favor of introducing a rationing system for consumer goods. The thought of the advocates of this idea is that the broad dissemination of ration cards and coupons will permit stabilization of the situation in trade, eliminate shortages, reduce queues and restore social justice.

"Coupons and ration cards are not a new phenomenon in world practice. In foreign countries, however, they are introduced only in extreme cases and are regarded as an extraordinary measure. At present in countries with a market economy coupons are used to assist needy inhabitants as well as socially unreliable citizens. Ration cards, as do allocations in the sphere of the material-technical supply of enterprises, lead to the formation of unwarranted reserves and force one to buy everything—what's needed and what isn't. Excess goods can be exchanged at a profit. So a growth of the population's stocks is inevitable." (P. A. Medvedev, I. V. Nit) In other words, the introduction of ration cards does not reduce, but, on the contrary, increases consumption.

"Any version of restricted distribution methods will keep us back, perhaps for a long time, from the status of a normal self-supporting economy." (G. I. Mikerin)

"Experience indicates that coupons give rise to a sharp increase in the scale of speculation. These processes are fraught with an ever greater stratification of the population, and one no longer has to talk about any social justice whatsoever. The proposition of an even distribution of products is also a myth." (P. A. Medvedev, I. V. Nit)

As the well-known wisdom goes, before you enter, find out if there's an exit. "The most dangerous thing is that ration cards will lead to the further depreciation of the ruble and will finally bury the hope for a transition to market relationships. The inevitable strengthening of the administrative system and of the power of officialdom will take place as a result. The question of how to give up the cards also remains unanswered. We gave them up twice at the price of robbing the countryside. Now there is no one to rob. And even this way is not the one on which success can be achieved..." (P. A. Medvedev, I. V. Nit)

"It is far more complicated to abolish a rationing system than to introduce it. Working people reconcile themselves to the enormous losses linked with such a reorganization of the economy only under exceptional conditions, for example, as was the case in the period of overcoming the post-war ruin." (A. A. Deryabin)

And another consideration. "Today the conditions for the distribution of consumer goods to an ever greater degree have to do with the jurisdiction of the union republics and the oblasts, and the introduction of a nation-wide rationing system is bound to come into conflict with this principle. The time for introducing a single rationing system throughout the entire country has been missed." (V. M. Rutgayzer)

The System Will Be Saved?

The authors see especially unfavorable prospects in connection with the introduction of vizitnyye kartochky [cards proving residency]. "What will Ostap Bender do if he comes to Leningrad and wants to buy a good in short supply. Of course, he will give a half-liter to the porter. Always. The deal is made and he takes the good to Pskov. Ever newer and newer citizens, who previously have never violated the law, will be drawn into the sphere of the shadow economy. Strictly speaking, we have already done something similar when coupons for alcohol were introduced in some regions. As we know, even those who previously passed liquor stores on the other side of the street began to buy vodka there." (I. V. Bestuzhev-Lada)

"Vizitnyye kartochky will have as the very first consequence a wave of speculation in which not only professional second-hand dealers but also the broadest strata of the population will be found to be involved. They will be objectively compelled to re-sell goods available to them in order to have the possibility of exchanging them for what their neighbors are rich in. Vizitnyye kartochky are a step towards the breakdown of that market, which is arbitrary to a considerable extent, which still exists." (A. A. Deryabin)

The experts are united in the opinion: replacing trade by distribution will only delay the introduction of market relationships, the only measure which can be acknowledged as a panacea from scarcity and queues. But how to do this so as not to hurt the interests of needy citizens?

Some scientists think that introduction of the standardized distribution of the most necessary scarce foodstuffs and manufactured goods is possible however. All the rest should be sold at real, and not bureaucratically decided, prices in order to stimulate production and so that supply should outstrip demand. "If one has to choose from two evils, one should give preference to coupons as against ration cards, since coupons leave trade fewer opportunities for abuse." (I. V. Bestuzhev-Lada)

However, certain illusions prevalent in society serve as an obstacle here. "As soon as the question turns on the setting of norms, the cry rings out: 'Ration cards again!' And the official reassurance is heard in answer: 'We

won't allow the introduction of a rationing system!' How can one introduce what has existed for a long time? The entire country lives under the most severe rationing non-system, and they refuse to acknowledge it and introduce into the system..." (I. V. Bestuzhev-Lada)

A forced compromise, however, does not change the principled attitude of the scientists toward a distributive system. "The organization of any actions restricting free access to goods (restricted shops, clearance sales, etc.) should be punished economically (large fines) and legally. Each of us should, finally, understand that the purchase of a good not on the free market but secretly, through distribution channels, contributes to the deepening of the economic crisis." (G. I. Mikerin)

Hi, Prices

What, then, is being suggested? The first way: an increase in prices to the point where an equilibrium between supply and demand is established. Yes, these measures will contribute to the elimination of queues. For a while. "But if they are not accompanied by efforts to prevent the overflowing of the channels of monetary circulation, a further increase in prices is inevitable later on." (V. M. Rutgayzer)

"History does not know of an instance when an increase in prices succeeded in eliminating an overall, global shortage. History knows another—an increase in prices converts inflation into galloping inflation and then into hyper-inflation. After that political upheavals become inevitable." (A. A. Deryabin)

There is a third way of reducing demand—limiting the incomes of the population. "However, limiting the population's incomes is impossible if, in general, all the expenditures of the state and of enterprises are not limited. The idea that one can have a balanced market for consumer goods at stable prices when there is a shortage of the means of production and inflation in the production sector is profoundly mistaken. The monetary system is unified and therefore attempts to 'exhaust' a shortage in one sphere of the economy are completely hopeless." (A. A. Deryabin)

The conclusion is clear. "The additional production of goods with the aim of satisfying effective demand must be made profitable." (P. A. Medvedev, I. V. Nit) "If we do not reconstitute a market economy within the framework of the existing political system, it will be reconstituted within another framework." (G. I. Mikerin)

But even here one did not manage without reefs. "Under the existing economic system, which the Hungarian economist Ja. Kornai has called 'an economy of scarcity,' one can hardly achieve a positive result just through the expansion of the production of goods and services at accelerated rates with respect to the money incomes of the population. It is extremely problematical that in 1990 our economy will succeed in achieving the planned unprecedented growth of goods and services.

Only a real market and not one being proclaimed can withstand an economy of scarcity." (V. M. Rutgayzer)

"It is difficult to count on our succeeding in eliminating scarcity by merely increasing the production and supply of consumer goods alone. Sale of the most profitable goods not only satiates demand but simultaneously increases the incomes of the population, which are transformed into additional monetary demand or, if they are placed in the Savings Bank, into a credit resource for enterprises and the state." (A. A. Deryabin)

"To Kill the Dragon"

Thus, we have listed all the means of regulating supply and demand and have come to the stunning conclusion that not one of them leads to success! Is it possible that our future is so irreparable?

"A market is not to be created under the present system of property relations. State-monopoly ownership must be reduced to a minimum. Private property is also required, I am sure.

"One can anticipate that queues will not disappear everywhere but by individual regions where the transformations affect property relations. For example, the curtailment of queues in Estonia by 1992 is practicable. They will be eliminated as a result of the following set of measures: a) introduction of their own currency; b) the carrying out of an independent pricing policy (increasing prices for goods whose demand exceeds supply); c) deconcentration of production, development of competition and the fight against monopoly; d) the transition to market relationships on the basis of property relations. All other economic systems, lacking in market mechanisms, cannot exist without the reproduction of scarcity and queues." (V. M. Rutgayzer)

However, it is necessary to begin with the elimination of the global scarcity which hampers the operation of market regulators. "The only measure which during all history stopped inflation and eliminated scarcity is the reduction of the expenditures of the state and of the enterprises, which also means a reduction of the incomes of the population. But for the time being the government, although it is reducing the emission of money and the budget deficit somewhat, is not reducing its expenditures but, on the contrary, is increasing them. Today we need an absolute reduction of expenditures without an appreciable reduction of state budget revenues. Only this measure will stop the increase in the money supply and lead the market to a normal condition." (A. A. Deryabin)

If one attempts to generalize the conclusions of the experts, the following conclusion suggests itself. The dragon named "shortage" has three heads and the economy has three sources of misfortune. First: the absence of market mechanisms which force enterprises to utilize resources more efficiently. Second: the enormous surplus of the money supply which blocks the manifestation of market mechanisms. Third: the lack of

readiness of public opinion to grasp the ideas of the market and private property... The third is almost the most powerful.

However, our troubles, like everything in this world, are relative. The philosopher always has a thought in reserve which bears out this old truth. "In general it's impossible to eliminate the queue and it's not even necessary. And what is more, if it disappears completely this means that society is sick with indifference and that it is satiated with everything and has lost the stimulus for development." (A. F. Zotov) We will take comfort in the fact that our society is sick, if you like, only not with surfeit and indifference to the status of the consumption sphere.

Conversion Difficulties At Uralsk's Omega, Metallist Plants Noted

90UM0408A Moscow PRAVDA in Russian 28 Mar 90
Second Edition p 4

[Article by PRAVDA Correspondent D. Gutenev:
"Without A Reverse Gear"]

[Text] Conversion

The government's report presented to the Second Congress of USSR People's Deputies talks about the necessity of increasing the contribution of the defense complex in the process of normalizing the country's economic situation. With its help, plans call for a technical reequipping of the national economy, first of all, of the light and medical industries, the agroindustrial complex as well as commerce and public catering. Also planned is an expansion of the production of high-quality consumer goods.

There is an enormous amount of work to be done. Are the collectives of the defense complex ready for this?

The mood of Yu. Kornev, foreman at the "Metallist" plant, echoed the unstable weather. The assignments for 1989 were fulfilled and they had a head start on the future. But how could it be otherwise! Professionals of the highest qualifications were chosen for the work brigade. They worked without a technologist, according to blueprints. Each is able to handle a variety of machine tools which were gathered in a small area of the plant for the manufacture of grenade launchers.

But the shift began with a vague sense of alarm. At first the rumor spread that the section would be closed. Then A. Malakeyev, the director, came into the shop and announced that the ministry had not included their product in the state order for 1990.

There was reason for the brigade to be outraged. This happened right before the new year. The work rhythm which had been developed was broken, earnings fell and the "head start" evaporated.

Conversion has affected two more Uralsk enterprises. Dark clouds gathered over the "Omega" plant but lightning did not strike. The expected reduction in the

production of specialty goods did not take place. However, the Voroshilov plant lost 17 percent of its program. During the past year this led to a loss of 2.5 million rubles of profit.

This happened despite the plant's rich traditions of producing civilian goods. Metal dishes with a double layer of white enamel are snatched up here as fast as they make them. The meat grinders produced here in the past were famous but their manufacture now has been transferred to another enterprise. The plant also has had much experience in the manufacture of tools for the branches of industry which make goods. In the 1960's Uralsk workers elaborated and began production of automated machines which dyed and moulded nylon stockings. The country's entire light industry was reequipped with these machines and they were eagerly purchased abroad. Now there are plans for similar automated machines to make tights. Last year the first shipments of dough mixers and equipment for sausage factories were produced. There are plans for the manufacture of presses for determining moisture levels in wool, of universal appliances, furniture rollers and filtration presses for vegetables and fruits...

Other enterprises have also made plans for new types of products. "Omega" will make home vacuum cleaners; "Metallist" will produce sewing machines and parts for home refrigerators with the prospect of making the refrigerators themselves in the future.

But still...

According to assignments in the oblast, this year the Uralsk plants of the defense complex are supposed to increase the production of consumer goods by almost 1.6 times in comparison with last year. Their share of overall production essentially will not increase. A more significant increase is to be expected much later, toward the end of the five year plan.

"You're mistaken if you think you can make weapons and sewing machines on the same machine tools," reasons A. Malakeyev, director of "Metallist." The precision casting section is working right now at half capacity. The head of the shop is looking on the side for additional work. There are also problems with our aluminum welders. This equipment also will not be in great demand for our future civilian production. It is possible to list more examples. We will still be able to manufacture certain individual details and parts on existing production lines, like we produce pistons, small cables, rear sprockets for motorcycles or springs for motor scooters... But to manufacture finished, complex products we need additional factory space and new production lines.

In December 1989 it became clear that "Metallist" would not be producing the specialized products for which two new factory wings had been constructed. They rushed out to find orders. They decided on sewing machines and compressors for refrigerators but not without a lot of trouble and help from the ministry and the republic government. These ideas do not belong to

Aralsk; they belong to the Tula arms factory but it does not have the necessary factory space. The plants formed an association, in which, however, with the exception of these two products, they are completely independent.

The situation regarding the equipment has cleared up. It will be of foreign manufacture; the ministry has allocated approximately 20 million rubles in hard currency for its acquisition. But as soon as it became known that the premises under construction were to be used for the production of civilian and not military goods, the work pace at the sites fell sharply. Last year builders from the "Uralskpromstroy" trust did not assimilate 1.2 million rubles. Efforts were transferred to the reconstruction of a meat processing enterprise group and the construction of a slaughterhouse in one of the remote desert regions. These were also sites of paramount importance. Nonetheless, there is still some unutilized capacity in Minmontazhspestroy [Ministry of Installation and Special Construction Work] but two central agencies cannot agree on joint actions.

A similar situation is emerging at the Voroshilov plant as well. True, here by unifying specialized goods they were able to free factory space for use by shops manufacturing dough mixers and sausage production lines. Things are tight with the enamel dishes, though. One of four ovens is under reconstruction. By reducing the distance between the dryer and the kiln, several dozen square meters were saved but it will be difficult this year to reach the growth figure of 1.6 times the previous level. Meanwhile, two bays, the development of which was frozen in the past because of a reallocation of resources and materials to housing needs, stand idle. It turns out that the numbers have been calculated, but there is no base of support yet.

There is also a specialized shop at "Omega" which sits cozily in a small enclosed area. For the most part complex toys are produced in it, which by the way, provide the plant a level of profits which is no laughing matter. Together with the head of the consumer goods department, L. Ryskin, they calculate that this shop represents the most efficient utilization of space. A special group in the design bureau (KB) is finishing work on the "Arman" home vacuum cleaner. With time "Omega" will ship 190 thousand of these devices to merchants each year at a value of 6.5 million rubles.

Time is also required for a psychological perestroika. The customary products, an efficient work rhythm and reliable deliveries are being replaced by additional concerns involved in mastering new innovations. Bureaucratic obstacles in price formation and a lack of balance in resource planning also get in the way. L. Ryskin went through a whole list of obstacles hindering the accelerated delivery of products for the people. The problems here include an excessively long coordination period and the procedure which requires ordering materials and parts two (!) years before manufacture.

The poorly functioning system of resource provision is of most concern. Like at "Omega" only 60 to 80 percent of the resources necessary for the production of some items is available at other plants. Throughout the oblast there is a shortage of 17.2 million rubles worth of resources below the level required to fulfill the plan of consumer goods production. But receiving even that which has been earmarked is often problematic. The behavior of suppliers is often unpredictable; they have their own problems. Some of them actually use extortion. In exchange for meat grinders for sausage production lines the Voroshilov plant sends castings and other supplies to Baranovichi. In exchange for trawl cables from the Belorechenskiy metallurgical enterprise group, the plant provides spare parts for rolling mills. We have to say that they are no slouches either. In Orsk they traded dough mixers for gasoline.

B. Muldashev, former "Omega" director who was recently elected chairman of the Uralsk gorsoviet [city soviet] of people's deputies, sees a partial solution to this problem in organizing a cooperative to pool the efforts of the oblast's enterprises regardless of their subordination. The other plants have agreed to the creation of such an association. Each can produce something good for the rest. One can produce plastics, another castings, a third electronics.

At the very beginning of conversion the Uralsk enterprises encountered other problems as well. Take, for example, the tax on increases of the salary fund. The Voroshilov plant this year will manufacture almost five million rubles worth of sausage production lines, dough mixers, fishing trawls and fish locating equipment. They don't have any relationship to consumer goods but without them there would be less sausage made, fewer pirozhki baked and fewer fish caught. But increasing their production is equivalent to punishing yourself.

As we can see, shelves won't become fuller from setting a course towards conversion. It is not an easy path to follow from mouthing slogans to producing goods. But it is possible to judge even from three plants what kind of contribution to the marketplace can be made by the defense industry. The economy does not have a reverse gear.

Consumer Societies Federation Plans Action

904D0088A Moscow LITERATURNAYA GAZETA
in Russian No 11, 14 Mar 90 p 13

[Article by A. Auzan, vice president of USSR Consumer Societies Federation: "Several Steps Away From the Verge of Disaster"]

[Text] "A society of consumers for the deficit"—is this then the name that has been given to us by some journalists? Actually, the situation in a deficit economy is not the same as that for people, but rather quite to the contrary: we are not boycotting the trade with low quality goods, but rather the trade is boycotting us.

Moreover, it is doing so rather successfully. And in fact a consumer movement does exist in our country, a type of resistance movement.

Small groups of activists, dispersed among various regions and republics, are still participating in desperate counterattacks. At the end of last year, approximately 60 societies and associations of consumers instituted a USSR Consumer Societies Federation, with people's deputy A.A. Sobchak as its deputy. It can be stated quite frankly: only small and almost imperceptible steps have been taken over a period of one and a half years, since the appearance of the first consumer societies in the USSR. Nevertheless, the movement was started.

How did it begin? It began with the fact that the problems of quality—in the generally accepted international meaning of this word—were not brought to light by us. Something else was revealed: the problem of consumer safety and a direct threat to the lives of people and particularly children. Toxic dyes which cover toys for the very young; highly explosive batteries in toys for older children; nitrate-contaminated vegetables in the dining halls for children and adults.

All of these unpleasant discoveries were made by enthusiasts of the consumer movement. A search was undertaken to find the means for self-protection: to issue warnings concerning the danger in newspapers, to attempt independently to produce nitrate measurement instruments and to present ultimatums to concerned production leaders, especially to those who are campaigning to become USSR people's deputies. Finally, the adoption of state documents which administratively prohibit the sale of contaminated products to the population was realized. Such an ukase by the Presidium of the republic's Supreme Soviet, under pressure from the Society of Consumers, was recently adopted in Kazakhstan. At times it became necessary to defy not only administrative opinion but also the social opinion of progressive economists. For example, in the matter of removing state acceptance from consumer goods. I will not argue the point—state acceptance is by no means a modern method. But what are we to do if in its absence our television sets explode, homes collapse and children's nutrition is based upon second grade milk?

Newly formed consumer societies often undertake control functions. Certainly, this is done not so much to control the quality of goods (which requires knowledge and special equipment), but rather to control trade operations and services. This work cannot proceed in the absence of youthful extremism—attempts to become a regular control or, at times, a distribution organ. I believe that the consumer movement is already ridding itself of this malady.

Control is needed, but not by glancing under counters or bursting into a storeroom (one must catch a larger creature than a flea). There is another method: instructing the masses in the use of existing mechanisms

and the organs of control, revealing the secrets underlying documentation for wholesale supply, eliminating the loopholes of departmental instructions. It bears mentioning that a consumer organization was one of the first to turn to the newly created Committee of Constitutional Supervision for abolition of illegal departmental "rules."

Consumer control over prices could turn out to be extremely effective. For a period of many years, the high departments responsible for upholding a firm price policy for goods which are in high demand have been unable to hold back the harmful process of a concealed inflating of state prices. But united consumers can easily detect a mass of violations as they become aware of the effect upon themselves and they can resist illegal growth in prices. Provided, as is assumed, that they obtain the legal right to combat price inflation and to turn to the fund for protecting the consumers of illegal profit. The legal means for protecting a society of consumers has already been mastered rather well. All of the processes which they support for handling violations of the scanty rights of consumers, as far as I know, have been realized.

With the creation of the all-union federation, the hope now exists that its voice will be heard at the apex of power and in the public opinion of diverse civil movements throughout the country. The voice of the consumers is becoming more audible and thanks to the development of their own press: the special issue entitled "In Defense of the Rights of Consumers" is now being published twice a month with a circulation of one and a half million and it is not easy to buy. It will soon become an independent weekly and in March the independent journal for consumers entitled "Ili" will enter into publication.

One of the first actions by the USSR FOP [Consumer Societies Federation] will be that of turning to the parliament and government with a demand to reject the practice of "closed sales." But will this not replace the illusory guarantee of closed distribution? A card system in combination with commercial trade? I personally think that this is the way to proceed. Neither "uniform distribution of poverty" in the form of a universal card system, nor illegal state speculation in the form of unrestrained commercial and auction trade are suitable. But in combination with minimum guarantees, commercial trade can become an alternative to the black market.

Moreover, the true means for combating the deficit can be found not in the sphere of distribution but rather in the production sphere. And the consumer movement is now being given the chance to take the next step—to advance from control-distribution questions to creative tasks. These opportunities are opening up as a result of the attraction of consumers towards the creation of new enterprises in the consumer sector—through the issuing of loans for goods of long-term use. The idea of anti-inflation regulation—"money now—goods later" is

quite convincing. But the variant selected at the present time for carrying it out is by no means the most democratic one.

The distribution of loan obligations among enterprises and institutions and the alienation from new plans of millions of people who are now waiting on super-long (up to the middle of the 1990's) "black" lines for goods of long-term use. And this would be not only unfair but also unreasonable: each such "independent" line—a seed for the organization of consumers that would be capable of actively joining in the implementation of new plans, not only on the basis of money but also through active business participation. Such "branch" societies of consumers have already appeared in some areas, societies which have left the lines in order to undertake an industrious search for the means and channels needed for increasing the production and supply of consumer goods (construction materials, automobiles and others).

Joint stock enterprises (and particularly small ones) directly subordinate to the interests of the consumers—this is what can develop from these seeds.

What may happen in the future? Large-scale joint stock plans for organizing the production of ecologically pure products. A consumer bank which will not hide the money of investors in canals and ditches. The formation of alternative plans for consumer imports based upon the results of polls involving the use of western product catalogues. An independent committee of experts to rule on product quality and on prices and assortment, with use being made of tele-referendums of consumers on questions of consumer market policy.

But it seems that I have been carried away. Actually, the delicate stream of this present consumer movement of resistance and its meagre treasury are not capable of moving this huge problem from the verge of disaster. But indeed the consumer movement that has already begun is groping its way along the route, or at least the path leading from the edge of the abyss. Is it possible that we can attempt to do this together?

FOOD PROCESSING, DISTRIBUTION

Wholesale Food Purchase Problems Revealed

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in Russian No 3, 1990 pp 10-12

[Article by V. Romanov: "Monopolists and Suppliers"]

[Text] As is known, after long, heated debates, which have already become the civilized norm, the USSR Supreme Soviet has approved a singularly important resolution, "On the Government Plan for Economic and Social Growth in the USSR for 1990."

In addition to other by no means secondary points, it includes the following one: "taking measures towards

providing essential goods for wholesale commodity circulation at a volume of 435 billion rubles." Growth in the production of foodstuffs, i.e., the goods we are most concerned about in the given case, should come to 102.9 percent of last year's plan—in monetary terms, 156 billion rubles.

In the meantime, one month before the approval of this resolution, the 1990 interrepublic and republic (RSFSR) fairs for the wholesale buying and selling of goods of the food industry (read—groceries) took place in Moscow, somehow without attracting notice. The major presses passed over this fact in silence, and perhaps they were right in doing so: writing about goods fairs while seeing the understocked shelves before one's eyes and knowing about the Soviet people's painful relationship to this problem has almost become indecent, if not worse.

Since that time a good bit of water has passed under the bridge, but, after taking into consideration the rate at which time seems to pass these days as well as the increasing social instability, we nevertheless decided to include here an account of this fair.

It took place at the end of last year in a more or less organized fashion, according to those responsible for the arrangements. The main suppliers were the RSFSR, Non-chernozem Zone, and union republic branches of Gosagroprom [State Agro-Industrial Committee], the RSFSR Ministry of Grain Products, and also enterprises and associations of Rosoptprodorg [Russian Directorate of Wholesale Trade] which sell the tobacco products manufactured in their areas. The primary buyers were enterprises and organizations of Glavseverotorg [Main Directorate of Enterprises for Trade in the Far Northern Regions], Glavkurortorg [Main Directorate of Trade Enterprises in Health Resort Regions], republic wholesale trade offices and a number of other trade systems.

A considerable crowd gathered, and the auction did not begin with just any goods—they were of the first order: sugar, confectionery goods, canned fruits and vegetables, food concentrates, baby food, mineral waters, ill-fated tobacco goods and many other grocery items about which we have begun to quietly forget. But where can they be gotten if khozraschet [economic accountability] has tied the hands of producers (and not only them), granting such independence and freedom of action that on the days in question the frenzied demand for inexpensive and expensive goods turned into hysteria? For a time two articles of the USSR Law "On State Enterprises (Associations)" even had to be annulled, "with the aim of stabilizing the consumer market and strengthening the state control of prices." They were articles 17 and 19 (respectively, "Finances and Prices," and "Foreign Economic Activity").

This case is clearly justified, if we consider the situation and the speed with which the Supreme Soviet had to approve the laws. Now, it is true, things are improving.

But the old problems are still making themselves felt. A clear example of that is the fair that just took place.

At the fair, 11.5 billion rubles' worth of goods were to be offered for wholesale purchase, but purchases amounted to 300 million less than this figure. So once again resources are tight. Things have become especially bad for lovers of canned fruits and vegetables and their opposite, so to speak: smokers. Why? Because the enterprises that have manufactured these goods refuse to sign 100 percent agreements on their delivery, and some industry representatives did not come to the fair at all. How can this be? The only way to reason with the distributor and arrive at a consensus is to turn to an arbitration commission. The system of wholesale trading has not come up with anything more effective. And the petitions and requests have begun to flow in.

For example, at the republic (RSFSR) fair, in the course of concluding more than 4.5 thousand contracts, trade was forced to enter into disputes with suppliers 600 times and had to seek justice in an arbitration court, almost begging for sugar, confectionery goods, and canned fruits and vegetables (in comparison, last year disputes were half as frequent). As a result more than half of the disputes were "resolved" by means of compulsory measures forcing the producers to conclude contracts agreeing to specifications on sugar and canned goods.

Just think about it: instead of having free wholesale trade subject to the unwritten laws of the consumer market, one must drag the producer-monopolists into court by the collar and force them to satisfy the needs of the population by force of another, written law.

Looking at it from the other side, one can understand and even sympathize with the poor monopolist who is placed in economic conditions that leave him no choice but to inflate prices in order to make up for the waste in raw materials and to keep workers from abandoning their long-held positions. But in the meantime... In the meantime, for example, RSFSR Mintorg [Ministry of Trade] is forced to seek protection from the Council of Ministers. In an official document we read: "the RSFSR Gosagroprom and Gosagroprom of the RSFSR Non-chernozem Zone have not met trade demands in the areas of volume of foodstuffs production, selection and packaging. The production of many grocery goods is planned at 1989 levels, and plan projects for a range of children's cereals, lump sugar production, canned vegetables, tomato paste, and other items are being reduced.

"Using as a guide the results of the wholesale buying and selling of food-industry goods, RSFSR Mintorg has prepared proposals on increasing the production of goods needed by the population at republic bodies: the Council of Ministers, Gosplan, Gosagroprom, Gosagroprom of the Non-chernozem Zone..." And so on and so forth. All of this is very familiar from earlier times.

Against the background of the events now taking place it is particularly sad to ascertain that a number of RSFSR

and union republic agroprom enterprises did not attend the fair and refused to issue administrative attachments for contracts on the delivery of goods to rayons in the Far North. Only the residents themselves of these severe krays can fully evaluate that fact.

The table presented here provides in clear enough terms a general picture of the republic and interrepublic fairs which took place. It also allows for a comparison of current volumes of purchases with those of 1989.

The table does not inspire great confidence; however, centralized distribution together with administrative pressure, both of which have long since outlived themselves, still allow some hope for the present. In any case, we can expect to drink our tea with rationed sugar.

Contracts with the 20 sugar factories in Russia, whose representatives were not present at the fair, will still be concluded on the basis of the Terms of Supply, which are still in effect. It was also possible to reach an agreement with some union republics other than the Ukraine.

Reaching an agreement on confectionery goods is more difficult, especially for the European part of the RSFSR and regions of the Far North. In contrast to last year's 177 thousand tons, 126 thousand were bought wholesale from union republic enterprises. In the given case the initiative for distributing confectionery resources belongs to USSR Mintorg, and (what can you do?) it has reduced shipments by 40.7 thousand tons and stopped the delivery of more than 10 thousand tons to Belorussia.

In general we cannot avoid mentioning that Russia has been particularly unlucky this year where the production of sweets is concerned. Instead of the announced 3400 thousand tons, the federation's agroprom branches and ministry of grain products assumed the production of 2653.5 thousand, or 78 percent. The selection within this branch of production, for example, of caramels, which are in great demand, remains extremely limited. The production of chocolate and chocolate goods, cocoa powder and drinks made from it has been reduced. The Gorkiy, Novosibirsk, Voronezh, Astrakhan and Ufa candy factories have flatly refused to sell their goods in other regions, justifiably pointing to the decisions of local soviet and economic bodies which defend above all the interests of "their" buyers, for whom life is not too sweet either. Moldavia and Azerbaijan have taken the same position. It has become necessary to resort to tested methods: polite coercion, endless written petitions to agroproms and the abolishment of shipments of confectionery goods to Kazakh SSR, if, of course, Mintorg will allow it.

Despite the predictions of optimists, the Law on State enterprises has not brought us fruits. On the contrary, it has even created a tendency towards a reduction in the volume of production. Here are a few examples. Last year the plan for the issue of canned fruits and vegetables in the Krasnodarsk Kray agroprom was set at 836.6 mub [million standard tins]. The plan for this year, determined by demand and approved by the RSFSR Council

of Ministers should have been set at 1105.9 mub, but Gosagroprom of Russia "corrected" the Council of Ministers' decree, curtailing the plan by 713.9 mub. The plans of the agroprom branches in Rostov, Stavropol, Belgorod, Tambov, Volgograd, Northern Osetia, and Moscow, as well as many other, if not all branches, were all executed in a similar manner.

And the trouble does not stop here. The 30 percent quota made its presence strongly felt, leaving enterprises at their own discretion in achieving production. And the agroproms of Krasnodarsk, Stavropol and Rostov came to the fair with the firm intention of making use of their right. And they made use of it: they reduced the volume of sale in relation to the plan by, respectively, 30.6; 10 and 17.2 mub. And the representative of the Voronezh agroprom willfully sold 55.8 mub of canned goods to its own wholesale association instead of the 42.3 indicated by the plan, leaving buyers from other oblasts "holding the bag." A buyer from Astrakhan only concluded contracts with a local enterprise of Rosoptprodorg and with a recipient of an all-union fund. As a result of this deal, the rest of the world lost 89.75 mub of canned goods, 42.5 of it tomato paste. Traders from Chechen-Ingush, Kabardin-Balkar, Bryansk, and Belogorod acted in an analogous manner. Agroproms of the union republics Azerbaijan, Uzbekistan and Tajikistan followed the well-trodden path, refusing to allow deliveries at the volumes determined by the state commission. In the final analysis, the delivery of canned fruits and vegetables was reduced in comparison with the plan for last year by 757 mub, or 24 percent.

The following "dry goods" deserve particular attention: tomato paste at 257.4 mub (50 percent), canned vegetables at 113.3 (32 percent), compote at 14 (17 percent), fruit juices at 270 (18 percent), canned baby food at 27.7

mub (16 percent). Under conditions of a general reduction of market funds on the whole throughout the RSFSR, only in Moscow is demand fully met. By official approval, the volume of supplies remained at the level of last year's plan for Leningrad, the Far North, Primorsk and Khabarov krais and Tyumen Oblast. But even here, as they say, you should look again. A reduction to 50-60 percent of the level planned for 1989 is planned in deliveries to the remaining krais and oblasts of the RSFSR of canned fruits and vegetables.

And how can one help thinking of unhealthy habits here and lighting up? But we will not hurry to do so. Ninety percent of demand for tobacco products among trade organizations in the RSFSR has been met (we do not have the figures for other regions, but it is not difficult to guess). Within the assortment of products in this branch, as in previous years, the demand for second class filtered cigarettes, fifth class and imported cigarettes remains unmet. So it is better to give up this unhealthy weakness, and the sooner, the better, because there is no certainty as to whether in the near future imports will help fill the hole that has formed in the tobacco market, especially if it is necessary to choose between cigarettes and, say, disposable syringes.

At one of the meetings between journalists and deputy chairman of the USSR Council of Ministers, Academician L. Abalkin, he was asked a burning question: when will shortages of the most vital goods finally end? The academician named more than ten industrial goods—from cleaning agents to medicinal preparations—which will soon appear on the shelves. Unfortunately, grocery items were not included among them, although assurances have been given that the current price levels for them will be maintained.

Name of product	Unit of measurement	Purchased in 1990		Purchased in 1989		1990 purchases at percentage of 1989 purchases	
		Quantity	millions of rubles	Quantity	millions of rubles	Quantity	Total
Lump sugar	thousands of tons	1610.7	1514.06	1671.18	1570.91	96.4	96.4
Granulated sugar	"	2411.8	2117.56	231.1	203.14	—	—
Above including Far North rayons	"	233.4	204.93	231.1	203.14	101.0	100.9
Confectionery goods	"	1110.3	2418.24	1141.6	2496.68	97.3	96.9
Tea	tons	163,194	1202.41	153,577	1141.85	106.3	105.3
Mineral waters	millions of bottles	373.3	42.93	493.5	55.27	75.6	77.7
Tobacco goods	thousands of rubles	—	1915.2	—	1829.91	—	104.7
Canned fruits and vegetables	millions of standard tins	5125	1312	6389.5	1597.38	80.2	82.1
Meal concentrates	tons	92,630	169.82	89,320	163.73	103.7	103.7

Name of product	Unit of measurement	Purchased in 1990		Purchased in 1989		1990 purchases at percentage of 1989 purchases	
		Quantity	millions of rubles	Quantity	millions of rubles	Quantity	Total
Dried break-fast foods	"	—	—	1700	1.90	—	—
Rolled oats	"	29,630	10.97	28,840	10.93	102.7	100.4
Baby formula	"	9357	13.26	11,756	17.29	79.6	76.7
Real coffee	"	19,099	347.91	—	—	—	—
Regular coffee beverages	"	9585	14.82	8646	13.37	110.9	110.8
Bay leaves	"	3109	24.87	3268	26.14	95.1	95.1
Spices	"	6234	41.45	6791	45.16	91.8	91.8
Dried kissel	"	39808.6	49.67	38,596	48.24	103.1	105.1
Gourmet sauces	"	2521	2.16	2520	2.26	100	95.6
Other grocery goods	"	18,585	27.13	18,495	27	100.5	100.5
Powdered coffee	"	327	6.54	—	—	—	—
Total	millions of rubles		11,231		9250.16		121.4

GOODS PRODUCTION, DISTRIBUTION

Light Industry Minister Interviewed

904D0089A Moscow PRAVITELSTVENNYY
VESTNIK in Russian No 10, Mar 90 p 12

[Interview with L.Ye. Davletova, chairman of the State Committee for Light Industry of USSR Gosplan, by L. Ulyanova: "Attention Throughout the Year"]

[Text] Beyond a huge window that stretched along the entire wall, one could hear the evening sounds rising up from Kalininskiy Avenue and see the glistening wet sidewalks. A happy marriage group, signifying the beginning of a new life for a young couple, had just arrived at the Arbat Restaurant.

We were sitting in a quiet semi-dark office on the 10th floor and holding a discussion on life in general: about work and families and of problems and concerns. The head of the office was the chairman of the State Committee for Light Industry of USSR Gosplan, L.Ye. Davletova—the only female minister in the country's government.

[Ulyanova] Lyudmila Yelmatovna, I recall well how you were assigned minister during the first session of the USSR Supreme Soviet: the discussion of your candidacy was carried out rather easily and quickly distinct from other aspirants for the ministerial posts. It seems to me that you were asked no more than one or two questions. How can you explain this fact, considered to be rather unusual for this stormy session?

[Davletova] I understand where you are headed: they say she is a woman and thus the deputies are being indulgent. But indeed one of the members of the government is also a woman. However, she had to defend her program in like manner as all of the other candidates. But recall if you will the difficulties encountered in approving women—deputy chairmen of the chambers of the USSR Supreme Soviet. No, there was no indulgence on the part of the deputies, nor are we female-leaders being indulged by anyone else. And it is my opinion that we must not be so indulged, inasmuch as each one of us has undertaken to manage our assigned sector and we are fully obligated to be responsible for it in terms of both duty and conscience.

As far as my own case is concerned, my name was next to last on the long list of candidates for the country's government: thus I awaited my turn for more than a month. And believe me, this wait involved many emotional experiences and anxiety. I believe that by the end of the session the deputies were also rather tired and this was manifested in particular when they were approving my candidacy. I received a large number of written questions. When I stepped down from the tribunal, I sensed directly the grave nature of these questions. I am now encountering these problems on a daily basis in carrying out my new work.

[Ulyanova] I would be interested in knowing your background as a minister.

[Davletova] I was born in Frunze, in a family with many children. My mother is a Ukrainian and my father—a Kazakh. My father is now dead. I completed a program of study at the Tashkent Textile Institute. Subsequently, I went to Alma-Ata where I worked at enterprises of the

light industry. Before long I became the director of one of them. Later I served as secretary of the republic's branch trade union committee and deputy minister of light industry for the Kazakh SSR. And since 1983—as head of a department and secretary to the Central Committee of the Communist Party of Kazakhstan.

The summons to Moscow was completely unexpected by me. I had to fly off on an urgent basis and I was not even able to clearly explain to my closest associates exactly what was happening. Generally speaking, my relatives learned of this development only via television. In my hotel, it was not until morning that the telephone finally fell silent: friends and relatives called me. They congratulated me and commented upon how I delivered my program, how I departed myself and upon how I looked.

[Ulyanova] The French say that a female leader differs from a male-leader by virtue of the fact that prior to a conference a man will devote thought to what he will say, whereas a woman will ponder what she will wear. Is this true?

[Davletova] I cannot answer for the men, but I can state that a woman must give some thought to both factors. Pretty clothing is not the last consideration in our life. A well dressed individual, especially a woman, always feels more confident, and confidence aids one in expressing his or her thoughts.

[Ulyanova] Do you like to dress up in pretty clothes?

[Davletova] Who does not like to do this? It is another matter entirely if one does not wish to admit this fact. One task of the Goskomlegprom [State Committee for Light Industry] consists of furnishing assistance to women in appearing smart, well dressed and confident of their abilities.

[Ulyanova] But in today's reality, Lyudmila Yelmatovna—alas!—everything is just the opposite. In preparation for a holiday, I decided to sew a new dress for myself only to discover that there was no woolen fabric available. Although it was only recently that the stores were bursting with an abundance of such fabric. What was the reason for this?

[Davletova] You are correct: earlier we did not know what to do with our woolen and silk fabrics. Even a number of combines restructured their operations for the production of yarn and thread. Stated more precisely, there was no reduction in the production of fabric in terms of the natural indicators. But there was a sharp change in the purchasing of imported goods. And if we further take into account the fact that the capabilities of the sewing and knitted goods enterprises had increased and that many cooperatives of the same type had made an appearance, then it becomes clear why the counters were empty.

[Ulyanova] And are the consumers still waiting?

[Davletova] We are planning to increase production at an accelerated rate. During this current five-year plan,

we will reach the level for rational norms in the consumption of shoes and fabric. The situation with regard to knitted goods is somewhat more complicated. In my opinion, light industry must be more active than other branches and it must convert over to market relationships. Where else does the demand for goods, especially those which blend in with youthful fashions, change so rapidly? And for a long period of time we built gigantic and unwieldy enterprises which were unprofitable and which experienced difficulties in satisfying the tastes of consumers. Thus they produced products which were consigned to storehouses as being obsolete. We are placing great hopes in the leasing system: it is untying the hands of leaders and making them interested in rapidly restructuring the branch. Sixty factories and combines are already operating on the basis of leases.

[Ulyanova] You have worked as minister for six months. What has been your most difficult task and what new qualities have you uncovered in yourself during this period?

[Davletova] I can state quite frankly: it was not easy for me to separate myself from my comrades in work or from my friends back in Alma-Ata. Moreover, I was quite uneasy prior to meeting my new collective. Indeed, the staff of the former Minlegprom had been reduced in size by 50 percent, its functions were changed and all of us had to learn how to work according to the new system. I will not conceal the fact that I had to endure some offenses and yet we finally found one another.

My attitude towards the center also changed. Whereas earlier, certain difficulties in the various areas were often explained by a lack of attention to our problems by the central staff, at the present time we have nobody to blame for our concerns. Thus we must do more ourselves and undertake risky and non-standard decisions. Under these conditions, I have become bolder and more decisive.

[Ulyanova] And how would you describe your character?

[Davletova] Varied. But life has forced me to be even-tempered, even though I may flare-up at times.

[Ulyanova] Lyudmila Yelmatovna, could you tell us about your working day?

[Davletova] I arrive in my office at 0830 hours in the morning. I examine the daily plan and if there are no conferences or meetings in the Council of Ministers or other organizations, I work with the staff and with specialists. I try to receive everybody: if an individual comes to a minister, then an important decision must be made in his behalf. We are changing the style for preparing for and conducting board meetings: we are raising questions which truly require discussion and not simply consultation concerning a particular fact. I arrive home at 1900 hours in the evening.

[Ulyanova] Could you tell us about your family?

[Davletova] My family is small: there is my husband German Aleksandrovich, who works in a planning institute. And I have a son Sasha, who is 24 years old and who is an engineer-geophysicist.

[Ulyanova] And who is the "minister" in the family?

[Davletova] I recall that at the end of the 1970's there was a population census and when the census-taker asked: who is the head of the family?—my son answered without thinking: certainly it is Mama. He thereafter added: but the commander is Papa. This then is how we live.

Certainly, much of that which I have achieved I owe to my family, those who provided me with moral support and who share with me the work at home.

[Ulyanova] And what type of division of labor do you have in your domestic economy?

[Davletova] The oldest of my men is responsible for the kitchen and the youngest—for cleaning the apartment. For my part, I am responsible for ensuring that my men are always smart and well dressed. We are presently having many discussions regarding privileges. I do not know of any privileges: our committee does not have any "special snack" or "special order." My husband purchases products in the usual stores on the way home from work. Thankfully, his institute is not far from home and so he can walk to and from work.

[Ulyanova] Do you often have guests?

[Davletova] Quite often. For the period that we have been Muscovites, we have constantly had guests. We have had visits from friends, my sister and Mama. The latter visited Moscow for the first time. We showed her the capital and she stated that it was in life just as she saw it in the movies. We were given a three room apartment and thus we have sufficient room for guests.

[Ulyanova] What does your family do during its free time?

[Davletova] My husband and I try to duplicate evenings resembling old Russian romances. On one occasion we went to the "Olimpiyskiy": there was a crowd of people. It later turned out—they were going to a performance by a popular rock-group. And the concert to which we were hurrying was held in a small semi-empty hall: the ticket collector was overjoyed to see some rare spectators enter the foyer.

Unfortunately, family singing has disappeared without a trace and has been replaced by tape recorders and diskettes. But a good and warm song always warmed the soul. And we do not have enough of this warmth at the present time. Similarly, at times we lack contacts with

other people in our high rise buildings—without yards or porches which face directly onto the street and without the traditions of good neighborly relations and compassion.

[Ulyanova] What is your favorite holiday, Lyudmila Yelmatovna?

[Davletova] Alas, it is not the 8th of March!

[Ulyanova] Why?

[Davletova] The fact is that I cannot rid myself of a sense of hypocrisy on this day. In all probability, this derives from the fact that in pursuit of "equality for women," society has lost its true and sincere feeling of admiration for mothers, wives and loved ones. Yes and the "emancipated ones" have also promoted this attitude. And thus it happens that on a spring day everybody suddenly recalls that there exists a "beautiful one half of mankind" and they begin to display generously the signs of attention. But why is it that such attention cannot be shown throughout the entire year?

[Ulyanova] I share your point of view and yet if such attention is not rendered throughout the year then at least it is good to see it occur on the holiday: flowers, tender words and so forth. Do you not enjoy receiving gifts?

[Davletova] In our large family, I was one of the oldest children and thus quite often it was left to me to provide gifts for my younger sisters and brother. The enthusiasm and joy they displayed over these simple gifts made me happy. Perhaps this is why I still enjoy giving gifts. But I also obviously enjoy receiving gifts from my loved ones. Moreover, the dearest gift I ever received occurred on March 8th. On this particular day, I returned home to find my entire apartment, from floor to ceiling, plastered with drawings by my son. This happy exhibit remained in our apartment for an entire week. Later we carefully removed the drawings and stored them in a separate box which I still treasure to this day. I will show them to my grandchildren when my son has his own family. In short, my husband and I are looking forward to the day when our home resounds with childrens' voices.

[Ulyanova] As minister, Lyudmila Yelmatovna, what do you wish for the female workers in your branch?

[Davletova] It is my wish that all of these women be healthy, attractive and loved. In my opinion, this represents true happiness.

[Ulyanova] Thank you for this discussion. And since you have mentioned that you are a lucky individual, it is my wish that your luck will help make our light industry a branch that will serve to supply all of us with a variety of high quality products, for every taste and for all ages.

Output of Textile Products, Shoes Decreasing

904D0091A Moscow PRAVITELSTVENNYY
VESTNIK in Russian No 11, Mar 90 p 11

[Article by A. Gulyayeva and N. Fakhrutdinova, workers at the All-Union Scientific Research Institute for Studying the Population's Demand for Consumer Goods and Trade Market Conditions: "Not Available For Sale"]

[Text] We are all awaiting changes for the better in the trade in light industry products. Truly, it is strongly hoped that we will return to those times when such products could be obtained without having to run around from one store to another.

As is known, this year an increase of 11 percent was planned in the production of light industry products compared to the level for last year. Certainly, in the face of a rush demand for these products, these volumes are clearly not solving all of the problems involved. Nevertheless, such an increase could reduce noticeably the gap between the marketable resources and the disposable income of the population.

What have the last two months shown us? What are the market conditions for light industry products? Unfortunately, these conditions have deteriorated compared to last year. Just as in the past, there are shortages in the quantities of light industry products available for sale. Compared to earlier, when cotton fabrics, calico, satin, coarse calico and clothing fabric—winter and also spring and autumn wear—were sold regularly in all areas, today the availability of such materials has deteriorated considerably.

Compared to 1989, the country's industrial enterprises have decreased the production of fabrics by almost 140 million meters. These results had an immediate effect on the status of the trade in these goods. Trade correspondents of VNIKS [All-Union Scientific-Research Institute for Studying the Population's Demand for Consumer Goods and Trade Market Conditions] noted that in January fabrics of the coarse calico type were not available for sale in one out of every five cities inspected, and sheeting and fabrics of the cambric sub-group—in almost one half of the populated points. In a number of regions, there were irregularities in the sale of calico, satin and flannel. The situation with regard to the availability of fabrics for use in the production of towels became worse. Compared to last year when there were interruptions in the sale of terry towels and surplus supplies of waffle towels were observed, at the present time, in almost all areas, these items are not available for free sale.

For all practical purposes, there are no woolen coat fabrics available for sale. In January of last year (in those cities inspected by trade correspondents), the assortment of wardrobe and woolen clothing fabrics was represented by an average of 50 items and in January of this year—by 10. An extremely difficult situation has developed in the

market for bed linen, which is being sold with interruptions in all areas. Moreover, over the course of a month's time there was none of this material available for sale in 40 percent of the cities inspected.

A tense situation continues in the market for a majority of the sewing and knitted goods products. There are only relatively adequate supplies of men's shirts and women's cotton and silk dresses and robes. But the assortment of these goods is limited and represented for the most part by models for which there is only a weak demand among the consumers.

At the present time, an increase is being noted in the demand for linen and knitted goods. But the linen resources are inadequate in almost all areas. Men's furnishings, for example, are sold on an occasional basis in one half of the cities inspected. The number of cities in which irregularities were noted in the sale of women's lingerie increased by a factor of 2-3.

No improvement has been noted in the availability of hosiery products. Men's elastic socks are not available for sale in 20 percent of the cities inspected. The situation is even worse in the case of woolen and cotton stockings as a result of a reduction in the production volumes for these products. An extremely unfavorable situation has developed in connection with supplying the population with small size children's panty hose, which only rarely are available through the trade network. There is almost no clothing available for children under the age of seven. Many mothers are themselves making clothes for their children.

An analysis of the situation has revealed that it is unprofitable for industrial enterprises to produce small size panty hose, since the retail prices for them are one and a half to two times lower than those for the large sizes. In short, in developing their production plans, enterprises, just as in the past, orient themselves not in the interest of the consumers but rather in behalf of their own interests.

Despite an increase by a factor of 1.5 in the production volumes for female panty hose, they are being sold, just as was the case last year, amidst many irregularities. At the present time, with women of all ages showing a preference for panty hose rather than stockings, the demand for them according to our estimates appears to be on the order of 650-700 million pair. Industry is able to satisfy these requirements by less than one half.

Nor has there been any change for the better in the market conditions for leather footwear. Just as in the past, the resources for shoes are not sufficient for satisfying the demand. The volume of a trade order for boxcalf shoes is accepted by industry at the level of 61 percent, including for fashionable shoes—54 percent. Irregularities in the sale of warm shoes were noted in more than one half of the cities inspected. The sale of women's and men's warm boxcalf shoes is creating long lines in all areas, as the shoes are being bought up quickly within a matter of hours.

A reduction has taken place in the production of children's footwear for youngsters—(sizes 10.5 to 14.0) and for the pre-school second group (sizes 14.5 to 16.5). The production of such footwear is unprofitable for industry—of low profitability, similar to small size panty hose. The technological process is labor-intensive and the prices are low.

Recently, considerable concern has been displayed throughout the country for our elderly people. The increase in the minimum pension amount has made it possible to improve the material status of more than 20 million pensioners and this undoubtedly has brought about an increase in their purchases of clothing and shoes. Understandably, the products needed by them must be inexpensive. The government has undertaken to provide protection for this category of consumers—products for elderly people are included in the goszakaz [state order] and the production volumes for goods to be sold at socially low prices have been defined.

A decree of the USSR Council of Ministers prohibits industrial enterprises from establishing retail price mark-ups for products intended for elderly persons. However, only weak control has been established over the carrying out of these decisions in the various areas. Quite often, the production volumes for goods intended for elderly persons are not being maintained. The goods being produced for low price groups are for the most part not reaching the contingent of consumers for which they were intended, but rather they are being bought up by casual consumers. Just as in the past, the demand by elderly persons for almost all types of clothing and shoes is not being satisfied.

It is quite clear that the chief and only method for normalizing the status of affairs in the consumer market continues to be that of increasing the clothing and shoe resources. In view of the urgent need for accelerating a solution for the problem of satisfying the population's demand for goods, a decree was handed down by the CPSU Central Committee and the USSR Council of Ministers in 1988 which defined measures to be taken for the technical re-equipping of the branch and this in essence should have opened up a new stage in its development. However, this decree is not being implemented in a very active manner. The leaders of many branch enterprises are displaying a clear desire to realize high economic indicators using an easier method (through growth in prices). At the same time, the development of production operations and modernization of the logistical base are proceeding in a rather weak manner.

Beyond any doubt, the developing cooperative movement is playing a positive role with regard to increasing the production of clothing and shoes. However, it has not yet become a significant factor for realizing an increase in resources or for lowering tension in this market. The proportion of goods being produced by cooperatives amounts to less than one percent of the commodity turnover in clothing and shoes.

HOUSING, PERSONAL SERVICES

Council of Ministers Grants Privileges for Chernobyl Workers

904D0100A Moscow TRUD in Russian 7 Apr 90 p 1

["Council of Ministers and AUCCTU Decree: Merited Privileges"]

[Text] The USSR Council of Ministers and the AUCCTU [All-Union Central Council of Trade Unions] have issued a decree on measures towards improving medical services and social security for persons who took part in the work towards eliminating the after-effects of the Chernobyl AES accident.

The USSR Ministry of Health, Ministry of Defense, Ministry of Internal Affairs, the KGB, and ministries and agencies of the union republic councils of ministers are charged with organizing in 1990 additional medical examinations for all persons who took part in eliminating the after-effects of the Chernobyl AES accident within the 30-kilometer zone surrounding the power station (the relocation zone). They are also charged with organizing regular monitoring of the condition and treatment of these people at health centers and creating, on the basis of all-union registration, a single list (or government register) of persons who have been exposed to radiation. Finally, between 1990 and 1992 they are to organize regional and departmental centers for the rehabilitation of these persons. Procedures have been determined for establishing a causal connection between the given persons' illness and disability on the one hand and the accident and their work towards eliminating its after-effects on the other hand.

A number of privileges and benefits are being granted to participants in the efforts to eliminate the after-effects of the Chernobyl AES accident.

In particular, persons suffering from radiation sickness as well as those who have become disabled in connection with the accident have the right to receive free medicines and passes for sanatoria and health resorts as well as free transportation (not including taxi rides) to and from their places of residence and the places where they are examined and treated. The working disabled will be paid a temporary disability allowance for up to four months in a row or a total of five months in a year to the amount of 100 percent of their salary, irrespective of length of service. They are also given a 50 percent reduction in the cost of an apartment and public utilities as well as the right to use the clinic they were affiliated with during their working period after going on pension. They also have the right to receive priority service in health facilities and pharmacies and to take leave whenever convenient (they can also take additional leave for up to two weeks without pay). Those of them in need of better living conditions will receive priority for living space. They will receive interest-free loans for individual housing and small garden houses, preference for entering residential housing, garage-cooperative and gardening

associations as well as the right to the services of public, trade and housing-utility establishments, enterprises, and organizations. They have the right to have a telephone installed and to remain at work in the face of personnel or staff reductions.

Persons who took part in eliminating the after-effects of the accident from 1986 to 1987 will receive these same privileges and benefits, with the exception of eligibility for free medicines (they will receive a 50 percent discount), passes to sanatoria and health resorts, free travel, and discounts on the established payments for apartments and communal services.

Participants in the elimination of the after-effects of the accident in 1988 have priority on passes to sanatoria and health resorts for treatment and rest, and they have the right to use them at their convenience and to enter garage-cooperative housing and gardening associations. They also receive priority service in health-care establishments and at pharmacies, and they have the right to

go to the clinics with which they were affiliated while they were working after going on pension.

The recommendation has been made to the union and autonomous republic councils of ministers, ministries and departments, executive committees of local soviets of people's deputies and trade union bodies that they put into practice, within the scope of their authority, additional measures towards improving the material conditions, medical and trade services to persons who took part in the elimination of the after-effects of the Chernobyl AES accident.

The decree calls for the establishment of badges for the participants in the elimination of the after-effects of the Chernobyl AES accident and special certification of their right to privileges.

The privileges established by this decree will go into effect beginning 1 July, 1990.

ELECTRIC POWER GENERATION

Expert Analyzes Hydroelectric Power Proposals

904E0109A Yerevan KOMMUNIST in Russian
25 Apr 90 p 2

[Article by Honored Construction Worker of the Armenian SSR A. Meliksetyan under the rubric "Expert Opinion": "Lost Years"]

[Text] *The editors have received a letter from Alaverdi resident Zh. Spiridonov. He relates his opinion on the way out of the crisis situation that power engineering in the republic has fallen into after the closing of the Armenian AES [nuclear power plant].*

"Hydropower resources occupy no small place in the search for new reserves and variations to replace the lost capacity. The Debed is one of the many rivers of the Transcaucasus. It carries more than a billion cubic meters of water a year away from our republic. The river drops steeply, and that means it has great force. But how little we take from it! Dzorages, with a capacity of 25,000 kilowatts [kW], and the small Ayrum GES [hydroelectric power plant] are operating on part of the flow today. But that is, after all, a very small share of the river's capacity

"I am proposing, first of all, not only rehabilitating the Alaverdi GES, which was built at the turn of the century, but also redesigning the dam and canal so that the water drops from an even greater height and provides more power than the former plant, which barely reached 10,000 kW. Second, we must study well all of the capabilities of the Debed and Dzoraget rivers, and if necessary (I am sure it is!) run tunnels and erect new hydropower plants. We could also build several micro-GESs, even on all the tributaries of the Debed. And we must in general make use of the hydropower resources of the republic of all magnitudes and set about it quickly and determinedly in order to get out of the energy crisis."

The editors asked hydropower construction worker A. Meliksetyan, who is well known in the republic and who has devoted his whole life to the construction of power facilities, to comment on the letter

Today, taking advantage of the opportunity I have been granted, I would like to analyze the situation that has taken shape in the power-engineering sector of the republic's economy. It has always been the question of questions and problem of problems, even when the power being produced in the republic surpassed the needs of the national economy for it, since the utilization of shipped-in fuel at any time would put before us the fact of what we have today. And that is not to mention the harm inflicted on the environment by thermal electric-power plants.

Specialists have more than once, over a span of decades, made intelligent suggestions to make complete use of the water resources that exist in the republic via the construction of small hydropower plants. The destruction

or, in the best case, mothballing of small-capacity GESs already built and operating, however, has continued for unknown reasons instead.

The Armgipid Institute was charged by planning bodies many years ago with designing a cascade of hydroelectric power plants on the Debed River. It was assumed therein that the overall capacity of the plants built on the Debed and its tributaries would total 345,000 kW with an average annual output of 1 billion 170 million kilowatt-hours [kWh] of electricity. They included the Stepanavan GES with a capacity of 70,000 kW and a productivity of 90 million kWh, two Loriberd hydropower plants with 140,000 kW and 196 million kWh each and the Shnokh GES with 185,000 kW and a hypothetical average annual generation of 260 million kWh.

Discussions on this project began back at the end of the 1950s and continued right up to the end of the 1960s. They battle was waged "to the death" between two powerful agencies in the republic—the Main Power Administration and the Ministry of Water Resources [Minvodkhoz]. While the power engineers were proving the priority right of the development of their sector, the harvests could be raised by X percent if that water was used for irrigation, in the opinion of the "water people." The war proved to be fruitless and without result. The last decade of the 20th century is at hand, but neither side has gained an advantage and triumphed. There is neither the electric power nor the promised increase in crop yields!

I remember them citing this "argument" against the expediency of constructing a cascade of GESs—the spent water at the last step in the cascade, they said, would leave the borders of the republic. An argument whose veracity is indisputable. But let us look at the problem from a different angle. When the water flows aimlessly outside the borders of the republic, does it really gain from that? And if the Ministry of Water Resources was striving to utilize water resources for irrigation, couldn't that be done after ensuring the many years of regulation of the other tributaries of the Dzoraget and the Debed? A reasonable question, the more so as the diversion structures of the hydropower plants were envisaged to be laid at levels above the irrigable territories, and they would be receiving the water from gravity flow. No small amount of the electric power that is being consumed today to operate the pumping stations along the whole length of the Debed River could have been economized as a result.

And another aspect of the problem. The territory from the village of Sanani in Tumanyanskiy Rayon to the borders of Noyemberyanskiy Rayon is such, according to its natural and climatic conditions, that their irrigation will make it possible to grow citrus fruits here (Shnokh, Tekhut, Mets and Pokr Ayrum etc.) that are as yet produced only on individual farms. Another version is also possible. Part of the runoff of the Debed River (about 100 million cubic meters) should be released for the irrigation of fields in neighboring Georgia according to the prevailing water balance. Why can't that water be

used here first for power needs, and then let go for the needs of the neighboring republic? A reciprocal advantage.

There is yet another possibility for utilizing the water resources by the republic's Minvodkhoz. This is the irrigation of land adjoining Spitak and Leninakan. Some of the water could later be transferred to Sevan Lake to raise the level of it. You ask the question involuntarily: when will these ancient designs be realized? How much we would gain if a dam is built some time to regulate the river flow, hydropower plants start working and considerable areas of the farmlands of Tumanyanskiy and Noyemberyanskiy rayons are irrigated! So many years have been wasted, and after all, the capital spending for structures of all types could have been recouped over that time. The procrastination in solving the problem is the sorrowful result of the parochial agency barriers that are leading to uncounted and sometimes irreplaceable losses in the national economy everywhere across the country.

There is, by the way, another weighty argument from the skeptics who doubt the expediency of constructing the Debed GES cascade. The discussion concerns the significant amounts of underground structures (diversion tunnels) and quite high cost of construction. But after all, it is what is cheap, as a rule, that ends up costing more.

There are other advantages as well. The running of diversion tunnels would make it possible to preserve the natural state of nature, so the problem of ecology is resolved successfully. Now relative to the labor-intensiveness of planning operations. Here we should take into account the warming political climate in the world and, with the aid of our foreign contemporaries, try to obtain special machinery and equipment in the United States (albeit just a couple of pieces) that would provide for the drilling of 30-40 running meters a day at the rock face. We could speed up the construction deadlines with that equipment incomparably and, consequently, achieve a reduction in the cost of the work.

You could object that it is dangerous to locate a dam in a seismically stressed zone. It has been scientifically substantiated according to the data. To think otherwise is to conclude that there should not be a single building or power facility in such a country as Japan at all. But after all, they are built so solidly there, but not here, that people should be inside the building during an earthquake according to the prevailing safety rules, and not outside it. And it is here, and not there, that they hang diagrams inside buildings for the evacuation of people from them in the event of a natural disaster.

The reader could of course ask whether it is worth engaging in the construction of small hydropower facilities, especially at a time when the construction of installations that operate using the sun and wind have become a reality. The sense of making use of non-traditional energy sources cannot be denied, and the

problems in that realm should be engaged in all seriousness. But it is obvious that a longer time will be needed for this than we have lost or will spend in the future on the construction of the whole hydropower complex of the Debed cascade of hydroelectric power plants.

The prolonged confrontation of the two agencies insistently dictates the necessity of broad discussion of the problems at a roundtable; recall, after all, that the discussion concerns the intelligent utilization of a billion cubic meters of water. The performance of new planning and survey work will be required to make the sole correct decision. About two years will probably be used for that, and the construction itself will take another five or six. Then the republic will have both new power facilities and a considerable area of irrigable lands at the end of the 1990s.

Results of Radiation Monitoring in Korosten Reported

904E0106A Kiev SILSKI VISTI in Ukrainian 6 May 90 p 2

[Article by Ye. Harher, the vice chairman of the combined expedition of the NVO [scientific production association] "Typhoon" and V. Hiriy, the head of the laboratory: "Radiation—The Situation in Korosten"]

[Text] Reports have appeared in the central press concerning the level of radiation in the city of Korosten in Zhytomyr Oblast, reports in which alarm has been expressed about the population's living conditions in the zone contaminated with radiation. We, participants in the task of making detailed observations of the radiation level in Korosten and the surrounding areas, want to relate the results of this investigation.

This year in February and March a detailed investigation was carried out. Offices of the State Committee of Hydrometeorology of the USSR (the Joint Expedition of the "Typhoon" NVO [Scientific Production Association], "Ukrgeologa" (Northern ukrgeologa) [probably republic production association in the sphere of geology attached to the UkSSR Ministry of Geology], and civil defense took part in this investigation, along with the representatives of the local authority and the community of Korosten.

In 1989, the aerial gamma-spectrometric readings in Zhytomyr Oblast showed the limits of the zone contaminated with cesium-137 with a density from 5-15 curium per square kilometer. Korosten appeared in this zone. In the city, several probes of soil were taken. Since 1989, as a more detailed investigation spread out to include more territory, work began in the city to precisely determine the radiation level by means of a massive selection of probes of soil and a gamma-spectrometric analysis. These investigations showed that during the time that elapsed after the ChAES [Chernobyl Atomic Electric Power Plant] disaster there formed (especially in the city on account of the radionuclides washed off from roofs and from contamination transported by vehicles) into

parking areas) points and local foci of a size from 1 to 15 m² with an elevated level of radioactive contamination (dosage strength).

The probes of the soil from these sectors confirmed our suppositions. The extent of contamination in them appeared between 0.03-0.27 milliroentgens/m²; (if this kind of contamination was in the range of several square kilometers, then there would be 30-270 curium per square kilometer).

As a consequence of this data, a resolution was accepted to carry out a detailed investigation of the city's entire territory and sectors of it with a higher level of contamination. A general scheme for investigation of the city's territory included a measurement of the strength of radiation doses and a selection of soil within the coordinates of a grid superimposed on the map of the city with equally measured out units measuring 0.4 km. There were 342 probes selected within the grid, and for more specific measurements of the more contaminated sectors, an additional 165 probes were made within the grid. In the areas where the main probes were made, the measured strength of doses was from 14 to 100 microrentgens per hour; the average strength of doses was 42 microrentgens per hour. The analysis of the probes of soil gave an interval for the curium of contamination with cesium-137 within all points within the grid from 0.2 to 22 curium per square kilometer, with average contamination of 6.3 curium per square kilometer. In addition, the number of probes with a density of contamination by curium of less than 5.0 curium per square kilometer made up 41 percent [of the total probes]; from 5.0 to 10—44 percent; from 10.0 to 15—13 percent; more than 15 curium per square kilometer—2 percent.

The spot-like quality of the contamination's distribution catches one's attention. However, one can easily follow the direction of the radioactive trail from the northwest side of the city to its southwest side. The most "contaminated" area is the northern part of the city, where the contamination is more than 10 curium per square kilometer, which encompasses 18 percent of the investigated territory (the total investigated territory measures 46.1 km², the territory of the city measures 35 km²). A specific measurement of the most contaminated sector was carried out with additional selections of probes of soil (165 probes) within the grid; in principle, this measurement only slightly altered the general range in terms of contamination by cesium-137 in Korosten.

Special mapping was carried out in the city's local sectors having significantly high levels of doses ("particular points"); these points were the drainage areas of private buildings and community properties. In the city there appeared 783 such sectors, which had a higher level of contamination, which constituted altogether 0.016 km² (around 0.05 percent of the city's territory). These sectors do not indicate that these were the dosages, which the entire population was subject to, but they do indicate points with an unacceptably high level of radiation.

An investigation was also conducted of the most "contaminated" northern section of city (801 homesteads), in which the spread of cesium contamination-137 consisted of: up to 5 curium per square kilometer—281 garden plots; from 5 to 10—385; from 10-15—109; more than 15 curium per square kilometer—36.

All these results were handed over to the city council and the civil defense of Korosten. According to the civil defense's information, the most contaminated part of the territory was already evacuated, and preparations were underway for further work on a large scale.

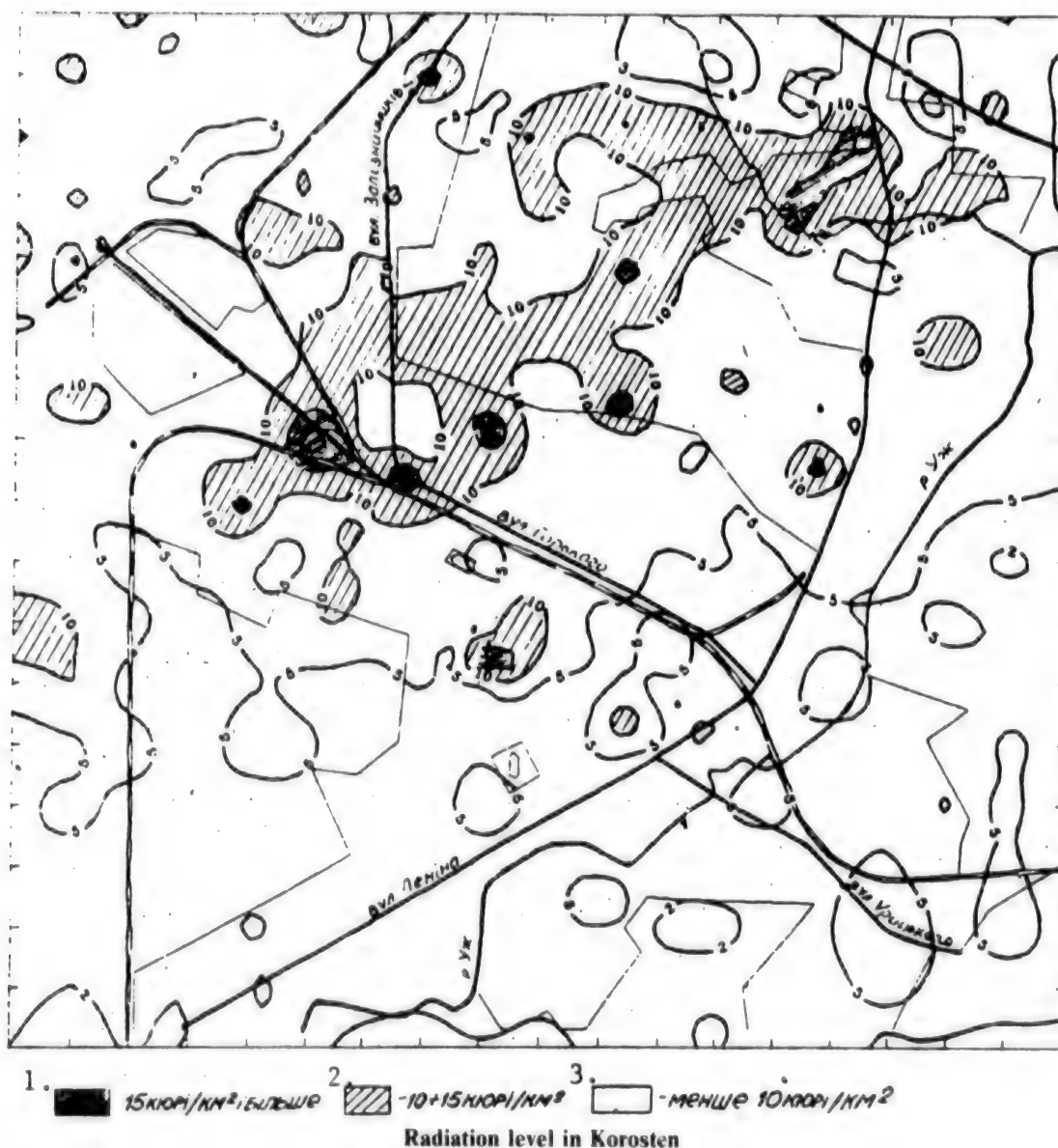
The investigation of the probes of soil in areas of other radionuclides shows that the content in relation to the cesium-137 makes up: for cesium-134—not more than 15 percent; ruthenium-106—3 percent; cerium-144—3.3 percent

The analysis of the probes of soil for strontium-90 for the most contaminated sections showed a level of contamination between 0.13-1.2 curium per square kilometer; an analysis of the drinkable water showed a contamination level of (5-10) X 10⁻¹² curium per liter, which is considerably lower than permissible levels of contamination.

The radiation level in Korosten is visually depicted on the schematic map of the city.

From the editor. The reader can ask: was it worth it, to give the results about the radiation level in one city in an all-republic newspaper? What kind of interest does such information have for residents of other cities and villages?

We have in mind the following goal. The general picture of the contamination of Ukraine's territory with radionuclides after the disaster at Chernobyl AES is essentially known (a publication in SILSKI VISTI has presented information). The zone, which is unsuitable for living, has been marked out, as have the zones of strict control, regions where the atomic disaster has not directly affected areas. However, the general picture is similar to the "temperature in the middle of a hospital." A specific person wants to and has the full right to know the specific conditions in which he lives—including his own backyard. For today what has been done in Korosten should also be done everywhere where there is even the slightest doubt about radiation safety. There is a pressing need in such regions to conduct a mapping of homesteads and to inform people with scientifically calculated recommendations about the handling of agricultural processes, food, individual hygiene, and so on. It seems that this should be an urgent task for the Hydrometeorology and sanitary services, organizations of the State agricultural program, and the civil defense.

**Key:**

1. 15 curies per square kilometer and greater
2. 10 to 15 curies per square kilometer
3. less than 10 curies per square kilometer

Embassy Press Conference Marks Chernobyl Anniversary

904E0099A Moscow IZVESTIYA in Russian 29 Apr 90
Morning Edition p 4

[Article by own correspondent in Washington, V. Nadein: "Who Is Served by Glasnost: Report from a Press Conference that Came Exactly Four Years Too Late"]

[Text] Late at night on April 26, 1986 a fire erupted in the fourth reactor at the Chernobyl atomic station. On

the morning of April 27, 1990 a press conference dedicated to this event took place at the USSR embassy in the USA.

Members of a delegation from the USSR Supreme Soviet answered questions by journalists. K. Salykov, chairman of the Committee on Questions of Ecology and the Rational Use of Natural Resources, deputy chairman A.V. Yablokov, and committee members G.A. Komarov, L.A. Kuznetsov, and Yu. N. Shcherbak were candid to the utmost degree. Their answers were notable for their profound understanding of the problem. Their

request to the world community for aid had the ring of both restraint and propriety. And this austere manner of delivery set off even more dramatically the unbelievable, positively fantastic picture of a disaster that had befallen one of the most beautiful spots on the planet.

There were several television cameras from prominent American companies, and reputable newspapers sent their reporters, but in general the auditorium was on the empty side. But when not long ago here diplomas and medals were presented for aid to Armenia, they removed the chairs and it was still impossible to push one's way through.

And a bit later, when in this very spot a joint venture between Goskino and the American firm Warner Brothers was triumphantly announced, it was also crammed full. Why of course! Two whole American movie theaters will be built in Moscow and Leningrad showing American films, with American concessions and American Cocoa-Cola and fresh popcorn. It has to be done—what a sensation for America.

But forget about the Americans! Our ambassador Yu.V. Dubinin, after having opened the press conference, slipped away "English-style" before the end. Speaking as another human being, this is understandable: without exaggeration, every minute of an ambassador's work day is accounted for. Some important things must be sacrificed for the sake of more important matters.

More important than Chernobyl? If we are not to deceive ourselves and fall into erroneous anger, we must admit that this catastrophe of universal proportions which literally shook the human race four years ago has today been eclipsed by other events. And this is not only because of the natural course of life. It is because of our efforts that Chernobyl has not become the crossroads of altruistic efforts on the part of the international community.

At the entrance, journalists were given materials for the press conference, including in particular an address by the Ukrainian Council of Ministers which called for immediate and large-scale aid. Much was needed which was not just in short supply but was lacking altogether.

There was neither a Belorussian nor a Russian address among the materials. Meanwhile many leading newspapers of this country had issues today with articles devoted to this topic. Facts and figures quoted by, for example, Yuriy Shcherbak, could already be read the next morning in THE WASHINGTON POST.

I remember the stories told by my colleague Andrey Illesh upon returning in the middle of May, 1986 from a business trip in Chernobyl. Of course even at that time there was much that had happened about which he knew little. No one did. Yet all the same, he knew much more than he was able or allowed to write about.

But there were people in our country who in performing their official duties knew the situation better than newspaper reporters did. I can imagine how the modest embassy auditorium would have looked if they had held a press conference here—not just here, but at that time. And I can imagine the reaction of the international community and the number of wonderful names that would have been added to the list which today includes almost in isolation the name of the famous Doctor Gale.

Incidentally, we should not forget that already by the end of 1986 Kiev newspapers, under direct orders from the republic's leaders at the time, carried articles which referred almost contemptuously to Doctor Gale's contribution.

It was distressing to hear the words of Yuriy Shcherbak, one of the most selfless and intrepid investigators of the Chernobyl tragedy. "This was not only the greatest technological catastrophe of the century," he said, "it was also a political and economic catastrophe. The people's deputies had to lead a tough battle to make the facts about Chernobyl known."

We cannot seriously count on the help of those who are trying to keep the truth at bay, if not deceive us altogether. Without a doubt, Americans will be struck to hear that for the last four years children in tens of cities and hundreds of villages "have not been able to run through lawns, play in the woods, or drink milk—they spend all of their free time within the relative safety of four walls."

However, Americans will be no less surprised to hear that deputies spread their hands apart helplessly in response to questions about who is responsible for hiding the truth from their people. "Six hundred thousand people took part in eliminating the effects of the accident," we learned at the press conference. "As before, the state of their health remains a secret."

...A secret unknown to the deputies of the highest legislative body in the country? Americans will not be able to understand this. In this country they tried a group of high-ranking government officials just for trying to deceive a congressional committee—moreover, out of the noblest motives.

We did not deceive anyone by holding back truthful information for many years on the scope of the accident and culprits involved. In the United States dozens of books have been published on Chernobyl and a great deal of very serious research has been carried out. Once again that inexorable truth which even today makes its way into everyday life with difficulty has been reaffirmed: the full, unadulterated truth about all socially important events without exception—a truth which pays no heed to so-called expediency—is most needed by the country in which these events take place.

Goskomstat Data Show Co-op Activity Expanding

904F0114A Moscow *EKONOMIKA I ZHIZN*
in Russian No 12, Mar 90 p 5

[Article by M. Ivanova: "Cooperatives: Results for the Year"]

[Text] Public opinion is still unclear in the assessment of cooperatives and their role in development of the national economy. And our readers sometimes accuse authors of articles on the topic of cooperatives of bias and wonder if they are talking about positive experience or citing examples of activities from the "shadow economy." An analysis of letters to the editor shows that the statements of those "for" and "against" the cooperative movement still contain a great deal of emotion and not a sober analysis and comparisons. Just what are the facts or, as they say, the impartial statistics on the development of the cooperative movement? What tendencies

did last year highlight here? Let us turn to the latest data from the USSR State Committee for Statistics [Goskomstat].

Growth of the Cooperative Sector

Compared with 1988, the number of registered cooperatives increased 1.9-fold; the number of operating cooperatives increased 2.5-fold; and the number of people employed in cooperatives increased 3.5-fold.

As of the beginning of this year (see Table 1), there were already more than 193,000 cooperatives with more than 4.9 million people employed, including those holding more than one job. Products, work, and services amounting to 40.4 billion rubles were sold. Set contributions to the wage fund for workers in cooperatives were 16.8 billion rubles.

Table 1. Indicators of Cooperatives' Activity as of 1 Jan 90 (according to USSR Goskomstat data)

Type of Activity	Number of Operating Cooperatives, in thousands	Number of Workers, in thousands	Earnings from Sale of Products (Work, Services) Since Beginning of Year, in millions of rubles
Total	193.4	4,851.5	40,365.6
Including:			
Production of consumer goods	33.7	793.2	7,106.0
Public catering	5.6	53.4	506.5
Trade	1.2	14.3	414.7
Trade and purchasing	6.4	67.9	1,779.8
Consumer services	33.0	567.0	3,275.9
Procurement and processing of secondary raw materials	3.2	92.4	931.6
Construction (other than as applies to consumer services)	38.7	1,516.5	12,104.3
Planning and surveying for construction	3.1	114.5	698.6
Scientific research, planning and design, introductory work, developing programs, providing information services	10.4	320.1	3,153.2
Agricultural activities (raising and fattening up livestock and poultry; fish breeding; raising vegetables, flowers, and mushrooms, and so forth)	8.4	98.8	608.6
Providing medical services	3.3	61.2	287.0
Art and design activities	4.5	74.1	386.1
Organizing leisure time	2.6	53.2	269.3
Other types	39.3	1,024.9	8,844.0

Whereas in 1988 the percentage of earnings from sale of products, work, and services of cooperatives in the gross national product did not exceed 1 percent, in 1989 it reached 4.4 percent. The share of cooperatives in the total volume of consumer goods production increased from 0.4 to 1.9 percent; in the volume of retail goods turnover (including public catering) it increased from 0.6 to 1.1 percent; and in the total volume of consumer

services sold to the population it increased from 4.6 to 15.4 percent. You will agree that these are appreciable amounts.

Structure of Cooperative Activities

In the past year, the structure of cooperative activities changed substantially both in the number of the various

cooperatives and in the percentage of their earnings from sales. The percentage of cooperatives specializing in production of consumer goods, public catering, trade and trade and purchasing, and those engaged in consumer services and procurement and processing of secondary raw materials decreased.

As can be seen from the data in Table 2, at the beginning of this year, compared to the beginning of the first quarter of last year, in the total number of operating

cooperatives, the percentage of cooperatives producing consumer goods decreased from 19.8 to 17.4 percent; in public catering it dropped from 5.8 to 2.9 percent; and in consumer services it fell from 26.7 to 17.1 percent. Construction cooperatives ranked first in percentage in the number of operating cooperatives and in earnings from sales. Now, one out of every five cooperatives operating in the country is a construction cooperative; they account for 30 percent of all earnings

Table 2. Proportion of the Number of Cooperatives and Their Earnings from Sale of Products (Work, Services) as of 1 Apr 89 and 1 Jan 90 (according to USSR Goskomstat data)

	As of 1 Apr 89		As of 1 Jan 90	
	Percentage of Number of Operating Cooperatives	Percentage of Earnings from Sale of Products (Work, Services)	Percentage of Number of Operating Cooperatives	Percentage of Earnings from Sale of Products (Work, Services)
Total	100.0	100.0	100.0	100.0
Including:				
Production of consumer goods	19.8	24.0	17.4	17.6
Public catering	5.8	2.5	2.9	1.3
Trade	0.7	1.9	0.6	1.0
Trade and purchasing	5.4	9.1	3.3	4.4
Consumer services	26.7	16.5	17.1	8.1
Procurement and processing of secondary raw materials	2.2	3.5	1.7	2.3
Construction (other than as applies to consumer services)	7.2	12.6	20.0	30.0
Planning and surveying for construction	1.2	1.3	1.6	1.7
Scientific research, planning and design, introductory work, developing programs, providing information services	4.0	5.5	5.4	7.8
Agricultural activities (raising and fattening up livestock and poultry; fish breeding; raising vegetables, flowers, and mushrooms, and so forth)	3.0	1.0	4.3	1.5
Providing medical services	2.4	1.4	1.7	0.7
Art and design activities	2.3	1.0	2.3	1.0
Organizing leisure time	1.9	1.0	1.3	0.7
Other types	17.4	18.7	20.4	21.9

The role of planning and surveying cooperatives for servicing construction; planning and design, introductory, and scientific research cooperatives; and cooperatives for developing programs and providing information services has increased. The significance of cooperatives for providing medical services and organizing leisure time has decreased in the structure of cooperative activities.

We would emphasize that the volume of activity of all types of cooperatives has increased in absolute terms. Thus, compared with 1988, in 1989 the volume of output of cooperatives producing consumer goods increased 4.6-fold; the output of those engaged in consumer services increased 2.4-fold; and that of construction cooperatives increased almost 23-fold.

Cooperatives producing industrial products developed at the most rapid pace in 1989. In 1989 they produced 8.6 percent of the volume of products of all the country's cooperatives (about 2 percent in the first quarter of 1989).

Business Competition Is Still a Long Way Off

The influence of the cooperative movement on the consumer market could be considerably higher in conditions of its competition with state enterprises. However, there is still no such competition to benefit us, the consumers.

According to the results of a survey conducted by the USSR Goskomstat in 1989, about four-fifths of all operating cooperatives were created under enterprises or

organizations. The lease from them about 60 percent of the fixed assets and acquire more than 60 percent of their raw materials and materials from them. Cooperatives sell about 70 percent of their products, work, and services to state enterprises.

Along with the results of the survey, more than 450 cooperatives sent to the USSR Goskomstat reports reflecting their point of view on the development of the cooperative movement. According to the data received, 41 percent of the cooperatives called attention to the high, in their opinion, prices of raw materials and materials. Raw materials and materials, incidentally, account for the bulk of the material costs of cooperatives.

Table 3. Structure of Individual Items of Material Costs of Cooperatives (in percent)

Item	Percent
Total material costs	100
including:	
—cost of raw materials and materials consumed in the production of goods (work, services) sold	73
—percentage acquired in state and cooperative trade	21
—amortization deductions	2
—cost of services of outside organizations	6
—transportation costs	3
—expenditures for leasing fixed assets	2
—deductions to the repair fund (or costs for routine repairs)	0.8
—for use of short-term bank credit	0.4

The activities of cooperatives continue to be oriented on obtaining immediate results. Cooperatives have a high percentage of deductions to the wage fund and a low percentage of deductions to the cooperative development fund and to the social development fund. In 1989, more than 79 percent of the distributed income went to the wage fund, and only about 15 percent went to the cooperative development fund. The percentage of the wage fund in the volume of earnings from sale of products, work, and services increased from 36 percent in 1988 to 42 percent in 1989.

The cooperative sector of the economy is becoming increasingly more attractive for employment. More and more workers are switching to jobs directly in the cooperatives. Whereas the number of people holding more than one job increased by 1 million in 1989, the number of members of increased by 2.4 million people, or 4.2-fold. In the beginning of 1989, 47 percent of the total number of people employed in cooperatives were holding more than one job, but by the beginning of 1990 this figure was just 35 percent.

One can also find in the USSR Goskomstat data information about the charitable activities of cooperatives. Their contributions to the Soviet Peace Fund, the Soviet Children's Fund imeni Lenin, the Soviet Culture Fund, and other charitable purposes amounted to 226 million rubles, or about 1 percent of their total income.

Women's Higher Education, Pay Statistics Viewed

904F0131A Moscow *EKONOMIKA I ZHIZN*
in Russian No 11, Mar 90 p 4

[Article by economist I. Kirillov: "It's You, Ladies!"]

[Text] [Boxed item]: Can one learn everything about a woman? The sceptics grin ironically: for how many centuries have writers and artists tried in vain to do it? But contemporary life leaves less and less room for secrets. Statistics reveal everything, or almost everything, about our female contemporaries.

Women in our country make up the majority. They number 151.2 million, or 52.7 percent of the population. In all of the republics there are slightly more women than men (they make up 51-54 percent), with the exception of Tajikistan, where the same number of both sexes lives.

There is no life on this earth without women.

If the poet were to write verses today, he would probably add a few prosaic lines about how we could not do without women in production either. Our society is distinguished by one of the highest levels of women employed in the national economy in the world: more than 64 million, or more than half of all workers. Around 55 percent of them work in branches of material production.

The majority of women work in public health services, public education, social security establishments, physical training systems (23 percent), in trade, public catering, material and technical supply, sales and purchasing (13 percent).

In terms of level of education, the weaker sex is clearly ahead of men. Among the specialists with higher and specialized secondary degrees, women make up more than 60 percent.

In our country the following are considered "women's occupations": librarian and bibliographer (more than 90 percent are women), economist and bookkeeper (87 percent), school teacher (more than 70 percent), and doctor (two thirds). And it seems that a profession as traditionally male as engineer has also joined the ranks of female occupations. At any rate, our lady friends have already attained appreciable numerical superiority in this field. They make up around 60 percent of engineers.

Despite their higher educational levels, women are noticeably behind in their careers. The higher the leadership responsibilities in a given job, the smaller the number of women found there. Around one million

representatives of the weaker sex head workshops, sectors, departments, and other structural subdivisions. Scarcely more than half a million women direct enterprises, organizations, and institutions. But a shortage in women leaders was particularly visible during the last two electoral campaigns. By way of illustration, only 352 women, or 15.7 percent of all people's deputies, have been elected to the highest body of national power.

There is no need for scientific research to illuminate the fundamental cause of sluggish career advancement among women: it is of course their family duties. Clearly the latter would take up less time if our everyday life ran more smoothly and child-care facilities worked better.

We have 150 thousand permanent kindergartens and day-care centers in operation. Attending them are 17.3 million, or 58 percent of all pre-school aged children.

These figures appear imposing, but nevertheless, the number of people who would like to place their children in kindergartens exceeds the capacity of these facilities. Around one million children above the number established by health standards are in kindergartens and day-care centers. On the whole throughout the country there are 104 children for every 100 places, and in Kazakhstan as well as Moldavia and the republics of Central Asia there are between 109 and 122. And still many parents are forced to "wait in line" for passes allowing their children to enter kindergarten and day care. Last year 1.9 million people were on such a waiting list.

Certain difficulties result from the inconvenient work schedules of these establishments. At many enterprises the work shift begins at 7 am, and the fourth shift at kindergartens and day-care centers does not begin until 8 am or even later. And does it not often happen that one must stay late at work? But more than one fifth of child-care facilities close at 18:00 and earlier. And mothers are caught in a strict "time-saving" regime that quickly becomes "time trouble."

With all of this, are they able to have careers?

Meanwhile, wages are directly tied to professional advancement. It is not surprising that wages among representatives of the fair sex are lower. According to figures from a one-time inquiry among specialists in industry on January 1, 1988, around 16 percent of males and more than 43 percent of women surveyed received an average monthly wage of under 150 rubles. Around 35 percent of males and 14.5 percent of females received between 200 and 300 rubles per month. And 11 percent of males and two percent of females received over 300 rubles. Among young specialists, 40 percent of the men and 72 percent of the women surveyed received an average monthly wage of under 150 rubles.

In order to obtain higher salaries, many women agree to do unskilled, often heavy manual labor, for which they are well paid. In industry one fifth of the total number of workers engaged in heavy physical labor are women, and

in construction more than one fourth are women. Eight percent of the total number of female workers in industry carry out the duties of subsidiary and transport workers, or even longshoremen. There are women working in mines. They are in no hurry to leave these unappealing jobs for other ones—again, because of the pay, lengthy vacations, and favorable pensions they receive.

There are "women's" professions in the construction industry: painters (women account for 78 percent of all workers in this profession), plasterers (69 percent), and tilers (37 percent). All of these jobs involve heavy lifting and harmful fumes. I am not calling on men to take the places of their female colleagues in painting or tiling. I see their duty as a different one—to mechanize the work of painters and plasterers, as it is done in developed countries.

Even now measures are being taken to improve conditions for female workers, but so far no appreciable changes have been felt.

Between 1975 and 1985 the proportion of women working by hand decreased: by three percent in construction, seven percent in industry, and five percent in agriculture.

At a certain point we attached an unambiguously positive value to employing women to do a large share of the work that is useful to society. But can we really consider the duties of motherhood less important to society? With all of its financial troubles, the government is finding it possible to undertake measures directed at protecting motherhood and childhood as well as providing the family with material support. Of the total number of women employed in the national economy, 2.8 million of them were on one-year maternal leave in 1987, and 1.7 million women were on leave for between one and one and a half years.

In addition to privileges that already exist, government aid to families with children is increasing in this five-year period. Beginning in 1987, there was an increase of up to 14 days for paid leave for people with sick children.

The majority of women do not want to be excluded from public production but do want to have enough time for household affairs.

Recently the following forms for organizing labor have been sought: the partial work-week, the shortened work-day, and work in the home. At the present time more than 350 thousand women work at home, and 700 thousand work shortened days or weeks. And many more people would like to work at home but are unable to do so.

The chief factor which is holding back the development of work at home is the absence of transportation and space. Goods manufactured in the home must be transported to plant or factory warehouses, whence they are transported to the consumer. Many enterprises do not

have enough cars. The size of their apartments prevents many women from working at home: there is not enough space.

A new form of home-working has just appeared—"working close to home." This is when an enterprise leases special premises where needed equipment can be set up (for example, sewing or knitting machines). And for women living nearby, this is a convenient place to work.

On the eve of March 8 women are given presents. But the best present they could receive is daily attention to the conditions in which they live and work. If things become easier for women, then our society will be enriched.

Average Annual Number of Women Employed in the National Economy

Years	Total (in Thousands of People)	Percentage of the Total Number of Industrial and Office Workers
1940	13,190	38.9
1960	29,250	47.2
1970	45,800	50.8
1980	57,569	51.2
1985	60,011	50.9
1988	59,273	50.6

The Provision of Pre-School Services (at the End of 1988). Number of Children for Every 100 Places at Pre-School Establishments:

USSR	107
RSFSR	106
Ukrainian SSR	105
Belorussian SSR	106
Uzbek SSR	113
Kazakh SSR	110

Georgian SSR	110
Azerbaijan SSR	98
Lithuanian SSR	94
Moldavian SSR	123
Latvian SSR	100
Kirghiz SSR	128
Tajik SSR	117
Armenian SSR	103
Turkmen SSR	113
Estonian SSR	93

Number of Women Specialists Employed in the National Economy with Higher and Specialized Secondary Degrees

	1987	1987
	Total (in Thousands of Persons)	Percentage of General Number of Specialists
USSR	21,617.2	61
RSFSR	12,576.6	62
Ukrainian SSR	4,000.2	60
Belorussian SSR	840.6	62
Uzbek SSR	787.0	51
Kazakh SSR	1,113.4	62
Georgian SSR	338.2	55
Azerbaijan SSR	282.1	45
Lithuanian SSR	331.1	62
Moldavian SSR	292.1	62
Latvian SSR	229.6	62
Kirghiz SSR	215.9	59
Tajik SSR	139.0	42
Armenian SSR	207.5	53
Turkmen SSR	124.9	46
Estonian SSR	139.0	60

ORGANIZATION, PLANNING, MANAGEMENT

Decentralized Machine Building Enterprises Called For

904G0026A Moscow *EKONOMIKA I ZHIZN* in
Russian No 13, Mar 90 p 5

[Article by V. Gurevich, Deputy Director of the Economics and Control Division under the USSR Council of Ministers' Bureau for Machinebuilding: "Dead Ends of Total Monopolism"]

[Text]

Which Way Out of the Labyrinth?

Today we are just beginning to develop and execute antimonopoly measures that have been operating for decades in other countries. The problem is not very simple, when it is considered that it is to be solved within the confines of an out-of-balance economy. This was truly noted in the paper, "How to Put the Genie Back in the Bottle?" (No 7 of the weekly for 1990). An antimonopoly policy should be aimed first of all at deconcentrating production, centralizing control, creating a system of market institutes, and executing a set of measures for financing and credit. Among these tasks, the most complicated is that of **deconcentrating production**, primarily in machinebuilding.

According to USSR Goskomstat [State Committee for Statistics], in machinebuilding 166 enterprises were absolute monopolies and 180 were monopolistic production facilities (according to reporting for 1988). More than one third of the most important types of output was produced at a single enterprises and about the same number at two enterprises.

Actually, the degree of monopolization is still higher, since Goskomstat considers many types of output under a consolidated (or grouped) products mix. Gosnab evaluates the situation more concretely. And it happens that the share of monopoly production facilities in the machinebuilding complex reaches 80 percent in production volume and 77 percent in the number of enterprises. Enjoying an advantageous position, the suppliers brazenly dictate their own terms. Even the expression "industrial racket" has appeared.

The official criteria for evaluating design progressiveness, based on the capability of capital investment to pay for itself by reducing the prime cost through large-scale production of output has promoted gigantomania. The bureaucratic approach—work "for oneself"—which does not consider the negative effect of large but unchanging production on the pace of updating machinebuilding output as a whole and on satisfying the diverse requirements of clients, has manifested itself here particularly.

The active and, unfortunately, still-present system of paying for the work of enterprise supervisors, engineers

and technicians on the basis of the number of employees induces a striving toward gigantomania. Need one be surprised that almost half of the USSR's machinebuilding enterprises are huge, with 1,000 or more workers? For comparison: almost 90 percent of all enterprises in the U.S. are small ones (less than 500 workers). Working at our small and even medium-sized enterprises, with their scanty investment opportunities and unattractive state of material and socio-legal support, is considered simply unprestigious. What is to be said here about enlisting and retaining qualified personnel, about high productivity, and strong work discipline?!

Meanwhile, in some developed countries, small enterprises are completely competitive. Thanks to specialization, they use widely the newest technologies and highly productive equipment. It would seem that we should borrow this experience.

With the development and execution of the production-decentralization program in machinebuilding, special attention should be paid, in my view, to the creation of most favorable conditions for the boosted development of production facilities that are associated with the output of products for general machinebuilding use (blanks, pneumatic and hydraulic apparatus, reduction gear, control-system members and components, standardized parts, and so on). It is precisely here that technological breakthroughs, based on the development of a network of small but efficient, capital intensive enterprises with few people, which have been established with both centralized funds and the involvement of joint-stock capital of interested consumer enterprises, are primarily necessary and are possible. The creation of this alternative production, however, hardly changes anything at the market if, along with the production base, a parallel design-development base that does not depend upon the monopolist is not created.

I would like it to be stipulated that the deconcentration of production as an element of an antimonopolist policy cannot always by far be economically justified. This refers primarily to the production of single-item or small-series products that are distinguished by high capital intensiveness, and to the large-scale production of a limited products mix.

As for the creation of parallel production facilities for a product by name, then definite conditions and factors should be set down in substantiation of the deconcentration program. The following should be included: identification of the duplicative enterprises (among those being operated or newly created); of deadlines for the development of a structure and for the preparation and assimilation of production facilities; of the amounts of outlays and the sources of financing; of measures for organizing research and design development; and of the procedure for using capacity that is freed at the monopolistic enterprises.

There are no few large enterprises within the machinebuilding complex that are multiple purpose. It is desirable

to single out the production and equipment units within them that are managed by deputies of the general director for the corresponding purpose. In possessing economically accountable independence and embracing with its activity all the stages of creating a technology (from a study of interplay of the market, scientific research, and the design of products to their post-sale servicing), the industrial production units could simultaneously become part of specialized all-union or regional associations of the similar-interests type [spetsializirovannykh vsesoyuznykh ili regionalnykh obiedineniy assotsiativnogo tipa]. Such an approach would enable the versatility of multiple-product enterprises, which at times are not among the leaders of NTP [scientific and technical progress] because of their slow responsiveness, to be sharply raised.

The development and execution of a comprehensive program for developing a network of small and medium-sized enterprises is of great importance. The creation of such enterprises is possible on the basis of a compulsory or voluntary breakup of monopolistic production facilities into smaller ones, the separation of independent production and economic units from large enterprises, the opening of affiliated enterprises at the initiative of

similar-interests associations or of large production associations and plants, and the use of underutilized, mothballed or insolvent enterprises.

The complex of legislative measures which provide favorable conditions for the activity of small and medium-sized enterprises can be an important part of the program. In my view, it is necessary, in particular, to review the legislation that touches on the socio-legal and material support of workers, having in mind the creation of equal conditions for them regardless of the size of the enterprise. It is also important to provide all possible tax, budgetary, credit and organizational support for the creation of structures parallel with monopolistic structures in the sphere of production and turnover and in the scientific-research and design-development areas.

An antimonopoly orientation should also be imparted to the policy of state capital investment. In particular, centralized capital investment should be granted to monopolist enterprises only for purposes of diversifying production. Exceptions can be allowed only for a narrow range of state orders that are issued in contract form and are placed on a competitive basis.

RAIL SYSTEMS

Railroad Personal Injury Statistics Viewed

904H0159A Moscow GUDOK in Russian 18 Mar 90 p 2

[Article prepared by L. Kizilova: "Not 'For Official Use':
Production Injury in Railroad Transport"]

[Text]

	Number of injuries	Including fatal	Total number of workers in rail- road transport, thousands
1985	10,127	406	3,984
1986	10,210	386	3,888
1987	9,799	372	3,815
1988	9,244	362	3,795
1989	*	341	*

*Editors do not have data at their disposal

Data by Basic Occupations

	Number of victims	
	1988	1989
Traffic		
Yardmasters and their assistants	30	41
Switch post duty attendants and signalmen	3	7
Conductors	2	5
Traffic speed regulators	10	3
Technical office operators	5	3
Station and fleet duty attendants	—	1
Tracks		
Track brigade leaders and fitters	52	48
Crossing attendants	3	3
Track-laying machine operators and their assistants	8	8
Road foremen	3	2
Track motor car drivers	1	3
Locomotives		
Locomotive brigades	28	27
Fitters repairing locomotives at depots	10	6
Cars		
PTO workers	10	19
Workers repairing cars at depot	8	6
Mechanics for refrigeration sections	1	1
Electrification and Electrical Supply		
Electricians and technicians for contact-wire network	29	30

STsB [Signalization, centralization and blocking] and communications		
Electricians and technicians for STsB and communications	6	8
Container transport and commercial operations		
Acceptance workers	8	4
Sling workers	5	2
Crane operators and their assistants, fork lift drivers	2	3
Passenger		
Car conductors	1	2
Road construction trusts		
Construction workers	3	11

Not long ago these data were included in the information category "not for publication." The curtain of secrecy hanging over them has now been lifted. Nevertheless, at the Traffic Safety Main Administration of the Ministry of Railways, this material was granted to the editors with the strict proviso "For Official Use" and moreover, only after our written request to the deputy minister.

Transport remains a sphere of increased danger. The number of tragic cases of fatal production injuries in 1989 was lower than in 1988, but these data do not take into consideration those who perished as a result of the Bashkir calamity: 28 railroad workers. In the official statistical reports, this figure is given in a "separate paragraph." As a result, as we can see, the number of those perishing turns out to be 369, that is, more than in 1988.

The following must be explained. The new Statute on the Investigation and Calculation of Production Accidents has been in effect since 1 January 1990. How does it differ from the preceding one? Formerly, only so-called "production-related" fatal injuries were taken into consideration. "Non-production-related" cases (mainly those occurring in a state of alcohol intoxication) were not taken into consideration and were not reflected in the statistics.

"Whereas before, the report was somehow corrected at the expense of cases 'unrelated to production,' this is now eliminated," says B. Kozlovskiy, deputy chief of the Labor Safety Division of the Central Committee of Trade Unions. "Now the report reflects the actual situation more objectively."

Boris Georgiyevich added that the data on this year also causes justifiable alarm: in January the number of fatal injury cases was 64 (in January 1989—35). In two months of the year the number of these cases increased correspondingly by 30 percent over 1989.

What are the reasons for fatal accidents? The official data for 1989 is like this: 169 cases stemming from violation of a technological process and unsatisfactory labor organization; 57—due to violations of labor and

production discipline and inadequate monitoring; 24—due to shortcomings in training workers in safe work methods, etc.

To the question as to how to estimate the level of injury in railroad transport as compared with other sectors of the national economy, B. Kozlovskiy answered that it is difficult to give a precise estimate, for data on other sectors were until recently also kept secret.

All the same, we will introduce one example for comparison. At enterprises and in organizations of aviation workers there perished: in 1986—43 persons, in 1987—50, and in 1988—44 (according to the data of the Central Committee of the Trade Union of Aviation Workers).

Now on a subject which it is also forbidden to talk about.

A person dies on the job. If it was established to be the fault of the enterprise, it will pay the victim's family (dependents) so-called "compensatory damages"—a monthly stipend, calculated according to quite complicated rules.

If it was not established as the fault of the enterprise? Then the family of the deceased breadwinner will receive a State pension. Can it exist on it? Judge for yourselves: for one dependent—from 28 to 60 rubles a month, for two and more—from 70 to 120 rubles (!)

We tried to find out, what was the average sum paid per victim, let us say, last year? In other words, no matter how cruel and pragmatic this sounds—what value is placed on the life of a person who became the victim of a production injury? Alas, these data were not to be found in a single one of the main administrations of the MPS to which we appealed.

On the other hand, we know what material expenditures the sector incurs for production accidents: for the sheets of temporary disability cases and to compensate for damage to equipment, 3,555,505 rubles were spent last year. Can you say after this, that statistics know everything! Or only what they need to know?

Hazardous Materials Accidents Reported

Leningrad Incidents

904H0117A Moscow GUDOK in Russian 20 Jan 90 p 1

[Article by Yu. Viktorov: "Accident After Accident"]

[Text] Leningrad—Over the course of five hours, from late Thursday night until early Friday morning, the Shushary Station did not carry out railcar classification work. This stoppage was caused by an accident which occurred when the next train in the sequence was released from the hump.

As reported by A. Sushkov, the station chief, a tank car loaded with 60 tons of sulfuric acid was among the cars being released. The braking system failed to work in the way it should have. As a result, the tank car crashed into a hopper car located in the yard below the hump and was damaged. Approximately 40 tons of sulfuric acid spilled out onto the ground.

Staff members of the line's police department and the supervisors of the Leningrad-Vitebsk Division of the October (Leningrad) Railroad took emergency measures to localize the area affected by the accident. They strewed lime on the acid and performed other operations which allowed trains to be released again after an interval of five hours.

It is still too early to speak about the damage inflicted as a result of this accident. But I would like to note one thing here and now: this is already the fifth such incident at the Shushary Station over the period of the last two years.

...While I was writing the above lines, another report came in concerning a similar accident. Now it was at the Leningrad-Moscow Classification Yard. Here a tank car loaded with hard-coal solvent (a highly volatile, dangerously explosive, and extremely toxic substance), also while cars were being released from the hump, collided with a flatcar, which was loaded with reinforced-concrete items. As a result of a freight shift, the tank car was damaged, and tons of the solvent spilled out onto the ground.

Fortunately, everything turned out all right. Here, as they say, Mother Winter came to our assistance. But what if such an accident had occurred during the summer heat, when a single spark would be enough to cause a major disaster?

Similar reports confirm once again that railroaders are still flirting with trouble when they haul dangerously explosive, toxic materials. You can read about this in more detail in the item entitled "To Take Further Risks Would Be Criminal," as printed on p 2 of this issue.

Spills at Chelyabinsk, Elsewhere

904H0117B Moscow GUDOK in Russian 20 Jan 90 p 2

[Article by A. Ledovskoy, chief, Chelyabinsk Railroad Division: "To Take Further Risks Would Be Criminal: Repercussions"]

[Text] At the end of this past year a number of central and local newspapers (including GUDOK on 26 November) carried items on one and the same emergency incident in Chelyabinsk. It was caused by a tank car which had arrived in the "A" receiving yard of the Chelyabinsk Main Station and in which a major leak of benzene was discovered through an incorrectly adjusted, lower overflow device. Allow me to note that the interpretation of the circumstances, as well as the appraisals of the actions taken by the railroaders, and the role played therein by the civil defense staffs, as printed in the publications, which were keyed toward sensationalism, are not objective in all respects.

The radius of the spill caused by the overflowing toxic liquid amounted to as much as 10 meters, and it was simply impossible to stop this flow. Therefore, the shift workers of this railroad's Chelyabinsk Division took what was, in my opinion, the only correct and effective decision: they quickly and while taking all possible preventive measures hauled the leaking tank car to a railroad dead end which was specially equipped for localizing hazardous liquids. With regard to eliminating the consequences of the benzene spill onto the tracks, the railroaders acted, with rare exceptions, efficiently and showed courage in doing so. This conclusion was reached by S. Ugryumov, deputy chief of staff, Chelyabinsk's Sovetskiy Rayon GO [Civil Defense], who took part in the investigation of this accident. By order of this railroad division, many of the railroaders from the accident-prevention groups were presented with monetary awards.

At the station, urgent measures were immediately undertaken to evacuate people from the affected area; they were allowed in again to process the trains after being outfitted with anti-gas devices and having passed a health inspection. The places where the massive spillage had occurred were neutralized by a layer of ferro-powder. A group of PTO [hoisting and transport-equipment] freight-car workers were hospitalized for checkups to determine whether they had been poisoned by benzene fumes. Fortunately, they turned out to be not poisoned to any health-threatening extent.

During the course of the next few days the efforts of the the railroaders were applied to cutting up and loading the ballast into cars and replacing it in the embankments with fresh ballast. There was, indeed, a great delay in burying the contaminated ballast. At the sites which had been specified for this purpose, with the consent of the local organs, along with the official permission of the environmental-protection and sanitation services, the population living there decisively protested against such intentions. And at last the contaminated soil was handed

over to the freight-shipper—the Chelyabinsk Metallurgical Combine, which had been to blame for dispatching a tank car unprepared for handling a liquid freight. The contaminated ballast was burned at the plant's dump. Nevertheless, the problem still remains of a site for utilizing hazardous materials, a site which would be agreed upon in advance and one which would be safe for human beings and for the environment.

And now let's draw some conclusions from what has happened. We know the details of certain accidents which recently took place in Yaroslavl (spill of a toxic substance being hauled), Alma-Ata (explosion of a tank car loaded with propane-butane), Arzamas and Sverdlovsk (when explosives being hauled "began to work" with grave consequences). Is there any guarantee nowadays that such incidents will no longer occur if the railroad network is constantly filled with thousands of freight cars and trains hauling hazardous materials and dangerously explosive substances? There is no such guarantee. A simple, random chance or the carelessness of even one person can bring about another catastrophe.

And here new questions arise. Can railroaders alone prevent accidents? And, in general, what are their roles and possible actions in hazardous situations? With regard to our being informed, we do have at our disposal 180 cards combining data on groups of hazardous materials being hauled and their characteristics in case it is immediately necessary to turn to them and ensure safety. It is difficult, however, to count on employees being able to analyze everything rapidly and acting intelligently without the help of specialists.

There are safety guidelines and instructions in connection with transporting hazardous materials by railroad. There are regulations specifying the actions to be taken when eliminating the consequences of accidents and accident-type situations. The decree of the CPSU Central Committee and the USSR Council of Ministers, dated 30 July 1987, specified that setting up local systems for discovering contamination or pollution and informing the population was the responsibility of those ministries and departments which have radioactive or

chemically hazardous facilities and buildings. There are no such facilities or buildings within the system of the Ministry of Railways.

In order to conduct operations at the site of chemical contamination connected to accidents involving extremely active toxic substances on railroads, provisions have been made to draw upon territorial bodies of highly trained civil-defense forces, mobile groups and units of chemical and engineering troops. Such an explanation has been provided in a letter from General of the Army V. Govorov, chief of the USSR Civil Defense, dated 10 October 1989, and addressed to the chiefs of the union-republic civil-defense forces and to the Ministry of Railways.

They know about this in the local civil-defense staffs at enterprises and facilities connected with the production or consumption of such freight items. However, they do not do enough to render specific assistance to the railroaders. And in accident-type situations we often have to rely on ourselves in dealing with hazardous items. That is the way it was in Chelyabinsk.

The greatest trouble here is ignorance and a lack of information. We know virtually nothing about what is being done by those ministries and departments which are directly related to the presentation of hazardous materials to be hauled as freight by the railroads. What has been created or is being created from specialized rolling stock or specialized packaging which in accident-type situations would guarantee the preservation and safety of such freight items? What is being done to shorten or eliminate cross-hauls and long-distance hauls, for working out mainline routes to go around large centers (such as Chelyabinsk, which is located in the center of a city with a population of 1 million), for altering the transportation of these items, for hauling them on other means of transport?

All things considered, nothing has changed for the better so far. I consider, therefore, that circumstances dictate the necessity of urgently examining all issues connected with hauling hazardous freight and adopting multifaceted measures to put things in order at the government level. To take further risks would be criminal.

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